

The NATIONAL UNDERWRITER

Life Insurance Edition



A Ballad for MOVING DAY

...TO THANK ALL THOSE WHO HELPED BUILD
OUR NEW HOME OFFICE ON BROADWAY

We mark this morning with a star.
We're in! We've made it! Here we are—
Brand-new from floor to lofty ceiling
And brimming with that grateful feeling
Toward all who had a part to play
In MUTUAL'S Big Moving Day.
Planners or builders, great or small,
We thank you, thank you, one and all.

We thank you, riveter and blaster,
You men who laid our bricks and plaster,
You painters, plumbers, glaziers, roofers,
You carpenters and weather-prooferers,
You engineers with charts and figgers,
You welders, borers, drillers, diggers
The folks who helped us grow and settle
With granite, plastic, wood or metal.

Thanks, Sirs, who tiled our many floors,
Supplied our magic-opening doors,
Installed our switchboards quite in due time,
Devised our clocks that tell the true time,
Contrived our lighting, clear but hidden,
Our courteous lifts that stop when bidden,
Or proved, with air condition-ing,
Our only season here is Spring.

Thanks, real as any thanks can be,
Turner Construction Company;
While gratitude we shower warm on
You architects, Shreve, Lamb & Harmon.
We praise your plans, we love your labors.
But most of all, we thank you neighbors
Who suffered, patient, through our din
Of Building Up and Moving In.

In short, it's been a big success.
Now, since you know our new address,
We'd like to mention merely that
We've chalked a WELCOME on the mat.



THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

BROADWAY AT 55TH STREET NEW YORK 19, NEW YORK

TELEPHONE: JAdson 6-1000

This ad appeared in New York City newspapers the day
The Mutual Life opened the doors of its new Home Office.

FRIDAY, JUNE 9, 1950

INDIVIDUAL SECURITY...

"Security" and "freedom" are two words that have been kicked around pretty freely in recent years.

In their names, all kinds of fancy schemes have sprung up.

The only kind of security worthy of the name is that which is planned carefully, on a long-range basis, geared to the individual's own situation in life, and guaranteed to include individual freedom.

Life Insurance provides that form of security.

The
**NATIONAL LIFE
AND ACCIDENT
Insurance Company, Inc.**



Consistency, Thou Jewel!

THE MORTGAGE BORROWER, we say, needs life insurance even more than fire insurance. His chance of dying is several times his chance of having a fire before his loan is repaid.

Why not be consistent? Why not also tell the home buyer his chances of disabling accident or sickness are several times his chance of dying? And then protect him against both hazards!

The Occidental Mortgage Protection plan pays the mortgage instalment until the disabled policyholder recovers, or for life if he doesn't recover. It also pays off the debt balance at death and gives the widow a two-year income.

Buyers express a consistent preference for this plan.



Occidental Life

INSURANCE COMPANY OF CALIFORNIA

V. H. JENKINS, Senior Vice President

"WE PAY AGENTS LIFETIME RENEWALS...THEY LAST AS LONG AS YOU DO"



NON-CANCELLABLE and GUARANTEED RENEWABLE
HEALTH and ACCIDENT INSURANCE

LIFE INSURANCE

GROUP LIFE and GROUP DISABILITY INSURANCE

The Paul Revere Life
INSURANCE COMPANY
WORCESTER - MASSACHUSETTS

licensed and does business in the 48 states, the District of Columbia and Hawaii

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Price, Holderness Claim Presidency of Jefferson Standard

Former Challenges Legality of His Election as Board Chairman

GREENSBORO, N. C.—The executive committee of Jefferson Standard Life, at a special meeting last Friday adopted a resolution declaring that the term of office of Ralph C. Price as president of the company has terminated and that Howard Holderness has been elected to succeed him.

Mr. Price, who has been contending the action of board of directors earlier in the week in making him chairman of the board and replacing him with Mr. Holderness, cast the only dissenting vote. After the meeting he stated that his "contentions and position have not changed." He has retained legal counsel and has stated that he will continue to oppose the



Ralph C. Price

GREENSBORO, N. C.—A meeting of the board of directors was called for Thursday of this week to consider again the matter of rival contenders for the presidency.

board's action on the grounds that it was illegal.

At the meeting, the committee stated that it had "judicially determined" the dispute over the presidency and that



HOWARD HOLDERNESSE

Mr. Price's salary as chairman would be the same as that for the presidency.

The committee acts for the board when the latter is not in session. Since the board's action, the finance committee, which under the company's by-laws

(CONTINUED ON PAGE 8)

Virginia Decision Aids State Supervision Cause

**U. S. High Court Upholds
Procedure Under Blue
Sky Law**

In a 5 to 4 decision, the U. S. Supreme Court Monday handed down what is commonly regarded as the most important insurance decision since the S.E.U.A. case. The Virginia blue sky law which brackets insurance and securities is held to be a constitutional means of controlling the activities of unlicensed insurers. Travelers Health of Omaha was the loser here, the Court saying that the state of Virginia has power to issue a cease and desist order enforcing at least that regulatory provision requiring the insurer to accept service of process by Virginia claimants on the secretary of the commonwealth.

This decision seems to put in the clear the unlicensed insurers service of process bill that was shaped up by National Assn. of Insurance Commissioners and the all-industry committee and has been enacted in a number of states. In view of this Supreme Court decision, it is likely that this uniform bill will make great headway in most of the legislatures next year and quite likely the legislation will be touched up by the wise men in the commissioners and industry ranks.

Case Was Reargued

The case was originally argued last November. Then the court asked for a reargument of it in April. That excited everyone's curiosity and there were some astute guesses that the reason was that the court was divided 4 and 4 until Justice Douglas returned from a lengthy siege of illness. It was surmised that the reargument was wanted for the benefit of Douglas who had just returned to the bench. The fluoroscope of these guessers turned in a good performance because it was indeed Justice Douglas that broke a tie.

The majority opinion was given by Black and he spoke for Vinson, Clark, and Burton. Justice Douglas wrote a concurring opinion.

The dissenting opinion was written by Minton, joined by Jackson, and then there is a final paragraph: "Mr. Justice Reed and Mr. Justice Frankfurter, agreeing with the Court in reaching the merits, on the merits join this dissent."

Gives Lift to N.A.I.C. Rally

Coming just on the eve of the insurance commissioners annual convention at Quebec, this decision will give the state officials and friends of state supervision reason to throw out their chests during the convention. It is decidedly a victory for state supervision and it seems to put on ice the plank in the all-industry program of the substituted service of process law.

This decision will also be bracketed with that of the U. S. circuit court of appeals at St. Louis recently in the North Little Rock Transportation case in Arkansas which went a long way towards putting the all-industry rating legislation on ice.

Some observers wonder how much of a distinction there may be in the Court's philosophy between a situation such as this developing under Virginia regulatory law and the situation of a single claimant against an unlicensed company undertaking to get service on that company in his own state.

The lawyers will be going over the

(CONTINUED ON PAGE 21)

**Text of Opinion in
Travelers Health
Unlicensed Insurers Case**

The opinion of the Supreme Court in the case of Travelers Health vs. Virginia, as written by Justice Black:

In an effort to protect its citizens from "unfairness, imposition, or fraud" in sales of certificates of insurance and other forms of securities, the Virginia "Blue Sky Law" requires those selling or offering such securities to obtain a permit from the state corporation commission. Applicants for permits must meet comprehensive conditions: they must, for example, provide detailed information concerning their solvency, and must agree that suits can be filed against them in Virginia by service of process on the secretary of state.

While violation of the act is a misdemeanor punishable by criminal sanctions, § 6 provides another method for enforcement. After notice and a hearing "on the merits," the state corporation commission is authorized to issue a cease and desist order restraining violations of the act. The section also provides for service by registered mail where other types of service are available "because the offering is by advertisement and/or solicitation through periodicals, mail, telephone, telegraph, radio, or other means of communication from beyond the limits of the state. . . ." The highest court of Virginia rejected contentions that this section violates constitutional requirements of due process, and the case is properly here on appeal under 28 U. S. C. § 1257 (2).

In this case cease and desist proceedings under § 6 were instituted by the state corporation commission against Travelers Health Assn. and against R. E. Pratt, as treasurer of the association and in his personal capacity. Having received notice by registered mail only, they appeared "specially" for "the sole purpose of objecting to the alleged jurisdiction of the Commonwealth of Virginia and of its state corporation commission, and of moving to set aside and quash service of summons. . . ." The agreed stipulation of facts and certain exhibits offered by the state can be summarized as follows:

The appellant Travelers Health Assn. was incorporated in Nebraska as a non-profit membership association in 1904. Since that time its only office has been located in Omaha, from which it has conducted a mail-order health insurance business. New members pay an initiation fee and obligate themselves to pay periodic assessments at the Omaha office. The funds so collected are used for operating expenses and sick benefits to members. The association has no paid agents; its new members are usually obtained through the unpaid activities of those already members, who are encouraged to recommend the association to friends and submit their names to the home office with the required fee usually Omaha mails solicitations to these prospects. He encloses blank applications which, if signed and returned to the home office, The appellant Pratt in result in election of applicants as members. Certificates are then mailed subject to return within 10 days "if not satisfactory." Travelers has solicited Virginia members in this manner since 1904, and has caused many sick benefit claims to be investigated. When these proceedings were instituted, it had approximately 800 Virginia members.

The commission, holding that the foregoing facts supported the state's power to act in § 6 proceedings, overruled appellants' objection to jurisdiction and their motion to quash service. The association and its treasurer were ordered to cease and desist from further solicitations or sales of certificates to Virginia

(CONTINUED ON PAGE 21)

Actuaries Discuss Agent Compensation at Chicago Meeting

**Trend Toward
Contributory Pension Plans
Noted in LIAMA Study**

Agents' compensation got considerable attention in the informal discussion at the Chicago spring meeting of the Society of Actuaries. Pensions, employee status, quality incentive plans, and compensation plans for managers were covered, though the discussion stayed away from questions involved in the proposed revision of the New York expense limitation statute, since this is still under study by a joint committee of Life Insurance Assn. of America and American Life Convention.

Thomas Irvine, L.I.A.M.A., summarized that organization's recent revision of its digest of company contracts, including pensions. It covers 71 U. S. and 18 Canadian companies. Of the U. S. companies, 51 have retirement plans, although probably this is a larger proportion than for the business as a whole. Of the 51, 43 are contributory.

The trend is toward having a plan and having it contributory, said Mr. Irvine.

Percentage of Income Basis

Of the 43 contributory plans, most are based on a percentage of the agent's total income ranging from 3% to 5%. Three companies integrate pensions with social security. Ten permit additional voluntary contributions, ranging from 2% to 4%. These are usually not matched by the company. Thirty match the regular contributions, while some of the others match partially. Eighteen of the 43 don't provide for vesting except on death or disability. Vesting provisions vary widely.

As in the U. S., Canadian pension plans are more prevalent than when the last previous L.I.A.M.A. study was made, about 10 years ago.

A. L. Joyce, Connecticut General, whose company is one of those that put its agents on an employee basis, listed the various additional expenses for a company that this involves, but said "we do not believe that in themselves they are as yet of sufficient importance to warrant any modification in the compensation program."

Covers Full-Timers Only

"Our pension plan which covers full-time agents only, and not brokers, has not been changed. Our plan is on a money-purchase basis, so that the income at retirement purchased by the 4% contributions made by the agent and by the company fluctuates year by year as the agent's earnings rise or fall," he said. "It was not felt desirable to attempt to integrate our agents' retirement program with social security benefits. We do not believe that the incidence of expenses caused by these items would seriously affect expense assumptions in the rate structure. About all that you can say is that your margins are decreased slightly."

Gordon D. McKinney, actuary of Na-

(CONTINUED ON PAGE 23)

Life Insurance Going to Washington

TO STEP UP ACTIVITY TO PROTECT POLICYHOLDERS' INTERESTS

By DONALD J. REAP

The life insurance business must "go to Washington" to protect the interests of policyholders which are being threatened increasingly by the constant stream of legislative measures calling for more governmental activity in fields affecting insurance, according to statements made at the spring meeting of

mation about itself, Eugene M. Thoré, L.I.A. general counsel, reported. Private enterprise cannot stand off in the distance and merely criticize, he said. It must go to Washington and help Congress with facts and with its knowledge and experience.

No one would believe the business did not have a lobby, he said, indicating that most people in Washington have long thought that life insurance was represented there. The main problem is how to do it. He cautioned against the use of "professional" lobbying techniques and said the objective furnishing of facts is what is needed. He said the operation is a continuing informative process which gets the best results when action is taken before a crisis arises. Coordinated over-all activity by individuals and companies is needed and will be most helpful. A Washington office is insurance against future trends in government, he said.

adequate press contacts in Washington and that something must be done.

He warned that the business will be criticized increasingly in the press and on the radio and said that it will have to reconcile itself to it. This is inevitable, he said, now that the business is forthrightly going about the business of protecting the interests of policyholders. Life executives must develop a bit thicker skin about criticism, he warned.

Paul F. Clark, president of John Hancock, said he was pleased with the representation the industry has in Washington and suggested that consideration be given the press problem. George A. White, president State Mutual, said that every congressman is a policyholder and has an interest in life insurance. He recommended that life company executives take it upon themselves in cooperation with the Washington office to help out with the problem there.

The complex company federal income tax situation and its history was outlined by A. J. McAndless, president Lincoln National, chairman of the joint A.L.C.-L.I.A. committee on the subject, and Bruce E. Shepherd, manager of L.I.A. Previously at its board meeting, L.I.A. had decided to start again to develop a fresh solution to the tax problem.

Staffs of A.L.C. and L.I.A. will be directed to draw up a complete analysis of the situation, which has developed into a maze of opinion depending on individual company situations. It is hoped that a new approach can reconcile the attitudes which generally are divided between the individual company and the industry-wide tax basis. Both organizations may revise their views on

the basis of the staff reports. Those who spoke on this subject included John A. Lloyd, vice-president Union Central, and Claris Adams, president Ohio State Life.

A summary of the current status of federal taxes on policyholders and beneficiaries and their legislative aspects was given by Charles G. Taylor, executive vice-president, Metropolitan Life.

SOCIAL SECURITY

Social security is "on the griddle now," said M. Albert Linton, president Provident Mutual. He expressed approval of the Senate finance committee report but warned that attempts will be made to change it. He predicted that the life business would become the "whipping boy" of congressmen who favored far greater socialized insurance benefits. Not that the life business is its sole opposition, he said, but because it is a convenient group to be blamed. He said that the business would have to reconcile itself to a long-term fight in opposition to an expansion of governmental insurance benefits beyond the idea of a subsistence floor of protection.

Ray D. Murphy, executive vice-president and actuary Equitable Society, reviewed developments in the compulsory health insurance field. John H. Miller, vice-president and actuary Monarch Life, discussed total and permanent disability benefits. In particular he emphasized the need for rehabilitation of the disabled and ways to accomplish it. John J. Magovern, associate counsel Mutual Benefit Life, reviewed the problems leading to the inclusion of full time agents under the social security law.

Says Research Needed

General Georges F. Doriot, president of the American Research & Development Corp., Boston, and professor of industrial management at Harvard, urged the business on its own and with industrial leaders to spread knowledge of economic facts. If national income is going to be in the trillions of dollars, bread may cost \$50 a loaf, he said.

Labor is willing and ready to accept business leadership if business has it to give. Labor can afford to work 40 hours a week because new machinery replaces the production lost by working fewer hours. But machines haven't replaced brain power, he said, and progress can't be made on a mental 40 hour week. Business men must work longer.

When the dollar is worth 20 cents the public will find life insurance unable to carry out its promises, he warned. It won't be interested in excuses. Then it will be too late. People will conclude that only the government can perform the job.

The life business should use its influence with manufacturers to sponsor new industries and develop new products. Present economic measuring-sticks only show tangible factors, he said. They can't measure the men who determine whether new industries will succeed and in what fields. Investments must keep abreast of technological evolution. Research may provide some of the answers and avoid having life companies find themselves in a few years with useless accumulations of brick and steel instead of profitable yields from thriving new industries.

INVESTMENT PANEL

The investment panel was moderated by Donald B. Woodward, 2d vice-president Mutual Life. F. W. Hubbell, president Equitable of Iowa, discussed the status of the new proposal for the valuation of investments.



E. M. Thoré



G. S. Nollen

Life Insurance Assn. of America at Atlantic City.

The meeting featured three informal forums at which company executives discussed current major problems. The opening of the joint office of L.I.A. and American Life Convention at Washington recently was one phase in a program of stepped up activity in opposition to legislation and administrative



C. M. Shanks



J. A. McLain

rules inimical to the interests of the business.

At its board meeting, L.I.A. decided to throw open the subject of life company federal income taxes again and to make a new effort to develop a legislative proposal that will enable the entire business to support one program.

Why a Washington Office

A major reason for the establishment of a Washington office was to supply Congress with facts. It is easier to correct legislative quirks in their embryonic stage, said Gerard S. Nollen, chairman Bankers of Iowa, who headed the committee which recommended the establishment of the joint office there of American Life Convention and L.I.A. James A. McLain, president Guardian Life, was moderator of the "Washington" panel. Earlier the meeting had been opened by Carrol M. Shanks, president of Prudential and of L.I.A.

Mr. Nollen emphasized the importance of having on-the-spot representation for the business to answer inquiries. He said the problems of the business are complicated by growing regulation by administrative rule as well as by statute.

He set the theme of teamwork and cooperative Washington activity by L.I.A. and A.L.C. He said the constant changes there prevented giving a detailed blueprint of the future of the Washington office. It will depend upon developments. Referring to public law 15, he said "nobody knows how permanent that's going to be."

The life business needs better legislative "intelligence" and must supply Congress, governmental agencies and the Washington press with more infor-

INCREASED CRITICISM

Functional details of the Washington office operations were described by Robert L. Hogg, executive vice-president and general counsel of A.L.C. He cautioned company executives against expecting too much this year or next and said the program was a long range operation. The office, he said, is not being built around personalities but will be developed to take on the characteristics of a business enterprise there.

He cited typical daily legislative problems and stressed that they could not just be mentioned and then forgotten. They need constant attention. He said the business was woefully lacking in



Stop, Look - - - and Listen!

Every insurable person is approaching a dangerous intersection—blindfolded!

That intersection is the point at which the horizontal line representing his life is sharply cut by a vertical line representing the end of his insurability. The signal for the vertical line to slash the horizontal may be accident, illness, or in rare, fortunate cases, simple longevity. But slash it will.

That intersection represents a critical point, a dangerous condition, in the financial life of your client.

When you explain to him that he must come to that intersection at some unknown time during his lifetime, that the point will be reached in some certain year of his life, and during a particular month and day of that year—and on that ONE DAY OF HIS LIFE he must have already built the complete life insurance estate he ever hopes to own—you will do much to dissolve his hesitation.

Insurance in Force May 1, 1950—\$445,164,753.

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Meeting Federal Threats Big H. & A. Conference Topic

Faulkner Elected President, Farley Put in Line for Next Year

By JOHN C. BURRIDGE

NEW YORK — The possibility of federal invasion of the A. & H. business and how the industry can meet that threat was the dominant theme of the annual meeting of H. & A. Underwriters Conference here this week. Throughout the sessions it was apparent that the companies are making efforts to extend their coverage to more people on a mass basis. At the open forum Tuesday afternoon great interest was shown in the experiment of Professional of Florida in providing hospital and surgical insurance under a community plan.

The new conference president is E. J. Faulkner, president of Woodmen Accident. He succeeds Frank L. Harrington, Massachusetts Protective. Jarvis Farley, Massachusetts Indemnity, was named chairman of the executive committee, and thus, by tradition, is in line to succeed Mr. Faulkner next year. W. Franklyn White, Mutual Benefit Life, is 1st vice-president; A. B. Hvale, Continental Casualty, second vice-president, and G. H. Hipp, Employers Mutual Liability, secretary.

Broad Experimentation Urged

The urgent necessity of private insurance getting its message across to the public was emphasized particularly in the talks of Superintendent Dineen of New York and C. O. Pauley, managing director of the conference. Mr. Dineen repeated the argument he first put forth last month in a talk at Pittsburgh that the companies can beat the government health plan advocates to the punch by conducting mass health coverage experiments on the community level, and Mr. Pauley, discussing catastrophe insurance, advocated "the broadest kind of experimentation" in cooperation with Blue Shield and all types of companies.

More than 300 attended the meeting, which was opened with welcome addresses by Mr. Dineen and Mayor O'Dwyer of New York. At the first session Frederic M. Peirce, associate director of company relations of Life Insurance Agency Management Assn., told the results of a survey designed to analyze the buyers of A. & H. W. Rulon Williamson, consulting actuary of Washington, discussed social security, and Russell B. Gallagher, insurance manager of Philco Corp., remarked on insurance progress resulting from the cooperation of buyers and insurers.

Charles B. Stumpf, manager of Illinois Mutual Casualty at Madison, Wis., president of International Assn. of A. & H. Underwriters, was honored at a breakfast Tuesday. V. J. Skutt, president of Mutual Benefit H. & A., was host and observed that the gathering was a reminder that all phases of the business have a common interest.

New York DBL Discussed

The New York disability benefits law and its responsibilities was the subject of Miss Mary Donlon, chairman of the New York workmen's compensation board, who is in charge of the new disability benefits act. She commented on the responsibilities of the insurers, employers and public officials in making the plan a success. The luncheon talk was given by Percy C. Magnus, president of Magnus, Mabee & Reynard, New York, on public relations.

An open forum covering statutory

disability laws, underwriting, hospital coverage, and catastrophic medical expense served to highlight the conference company activities. Francis T. Curran, Commercial Casualty, gave a paper on state plans, and underwriting ideas were presented by D. B. Alport, Business Men's Assurance, chairman of the underwriting committee. He introduced members of his committee, who described plans for classification of risks, underwriting costs, and maintaining an underwriting manual.

Interest in Hospital Discussion

The discussions of W. deV. Washburn, American Health, C. E. Waller, Professional, and Martin H. Imm, St. Paul Hospital & Casualty, on hospital coverage were of great interest. I. A. Weaver, Secured Casualty, chairman of the hospital committee, was in charge.

Tuesday evening was the reception and banquet. The Wednesday morning meeting was addressed by Raymond Moley, contributing editor of Newsweek magazine, and concluded with the election.

The U. S. Supreme Court decision in the Travelers Health case was the subject of much discussion. Moses Hubbard, Commercial Travelers Mutual Accident, who argued the case, was ill and did not attend the meeting. The members could only speculate on the meaning of the decision, since no more than newspaper accounts were available.

Cecil C. Fraizer, conference general counsel, stated that the effect of the decision is to validate the unauthorized service of process law. It is, he said, another step in the departure from provincialism and puts insurance more than ever into the national picture.

Another topic was the action of the Massachusetts House ways and means committee in recommending a compulsory state fund monopoly for disability benefits. The opinion is that probably there will be no bill in Massachusetts this year.

Companies Found More Willing to Take Single Premiums and Advance Payments

Several speakers at the Society of Actuaries Chicago spring meeting indicated that companies are now less reluctant to accept substantial deposits in single premium business and in funds to pay regular life insurance premiums in advance. Most companies imposed limitations during the period 10 to 15 years ago, when interest rates were showing a sharp decline. Apparently many company executives now feel that perhaps the low point in this trend has been reached or passed.

Richard Guest, State Mutual, said he could see no reason for not accepting premiums in advance, provided a low discount rate were used with some reasonable penalty on withdrawal of funds. Ross E. Moyer, John Hancock, took the same view. He added that life companies should make sure they are not being used as a bank. The difficulty can be overcome if company rules are drawn to make certain that most of the money left by policyholders will actually be left and not withdrawn at an early date. Harold Allen, Bankers of Iowa, expressed a similar view.

Would Help Persistency

E. F. Estes, Bankers of Nebraska, pointed out that while advance premium deposits are demand liabilities, so are all policy cash values. He said there is therefore little reason for companies to restrict the sale of single premiums or advance premium business. All speakers agreed that such business could now be safely encouraged at adequate rates and under reasonable rules. A larger quantity of such business would, of course, improve persistency rates, inasmuch as little of this type of insurance is terminated in normal times.

There was considerable discussion of

the need for a new mortality basis for calculating annuity rates. Manuel Gelles, Mutual Life, presented figures that indicated the importance of a reduction in the interest rate used in making calculations. A reduction of one-half of 1% may be about as important financially as probable improvement in mortality over the next 25 years. He also showed that for annuities now in force, past improvement in mortality had an effect three times as great as probable future improvement.

"Forecast" Tables Discussed

Elgin Fassel, Northwestern Mutual, pointed out that the rate of survival among annuitants cannot show much improvement at the younger ages, as it is so nearly 100% now. Use of a table for premium rates which takes cognizance of future death rate betterment has been common in Great Britain for many years but is an innovation in this country. Technical details of methods by which "forecast" tables might be used were presented in a discussion by J. R. Gray, Canada Life.

W. F. Marples of London, England, discussed the use of forecast annuity tables in Great Britain. He also gave figures showing the improvement in the general population death rate during the period of the second war. Variations in mortality by climate and industrial development were included in his discussion. It was indicated that low humidity and less dense industrial development were the best environments for improved mortality, the more favorable areas experiencing a death rate only 66% of the average for the nation as a whole.

Walter Klem, Equitable Society, suggested that insurance policies contain several columns of life income values, each one for use if the settlement option becomes effective in a certain decade. In this way companies could anticipate improved mortality among annuitants in their current life insurance policies.

400 ON HAND

Close to 400 members and guests attended the meeting. E. M. McConney, president of the society and of Bankers Life of Iowa presided.

P. C. Bassett, Prudential, presented a paper giving a convenient method of providing extra mortality by using temporary extra premiums instead of extra extending through the premium-paying period.

William A. Poissant, veterans administration, in a paper on NSLI, showed the necessity of asking veterans to apply for dividends due them by telling of the large number of veterans who had moved after lapsing their insurance. The paper undertakes to demonstrate the fairness of the classification of deaths by comparison with the experience of life companies. Any error here would change the part of the cost met by taxation and the part paid out of premiums before calculating the dividends. He expressed appreciation of the friendly relations between the life companies and VA.

Bowerman, Sternhell Papers

Papers on annuity mortality were presented by Walter G. Bowerman, New York Life, and Charles M. Sternhell, Metropolitan Life. Mr. Bowerman modified the table presented last fall by W. A. Jenkins of Teachers and Edward A. Lew of Metropolitan to cover ages from birth to age 120, using population and insurance mortality to supplement the meager annuity experience at extreme ages. In a careful comparison of male and female mortality, he showed the simple practice now used of rating down the age of female annuitants is

Army Sales

Averett Taylor, member of our Hurd J. Crain Agency, Columbus, Ga., when asked for his impressions of recent trends in selling, answered:

"The majority of my business last year was to Army officers. The best source of business was from those men returning from overseas. They had been there for some time and had had no chance to buy insurance. Prior to that time the war clause was in, so for several years the market was closed to them.

"What appealed to them mostly was Limited Payment Life. They wanted protection at reasonable cost, with fairly large cash value later on, and something that would be paid up at least by retirement age.

"Most retired officers tell me that it is hard to live on their retirement pay, and in cases where they are still paying on a substantial amount of life insurance there is real hardship. They naturally have been used to living up to a large income. To be suddenly reduced to three-fourths base pay with all rental and food allowance cut off puts them up against it. I explain this in my talks to young officers in planning their insurance."

THE PENN MUTUAL LIFE INSURANCE CO.

MALCOLM ADAM

President

INDEPENDENCE SQUARE, PHILADELPHIA

not so accurate as using two separate tables.

Mr. Sternhell suggested an approximate method of calculating annuity values to take account of future improvement in mortality. His method is simpler than the calculation of new tables year by year, which apparently would be required to carry out the assumptions in the Lew-Jenkins table.

There was some discussion of what companies have done in recent years in recruiting suitable prospects for actuarial students. A number of members outlined the practices of their companies in stimulating interest in this field and the training programs they are using to better equip their staffs for future responsibilities.

Group Market Not Closed, Home Life Experience Shows

The newly formed group department of Home Life of New York is earning a spot in the group field despite a start in the midst of the hard competitive fight for disability benefits business in New York state. The primary emphasis of the group department is now on DBL production and, since moving into the field with a competitive rate structure, the company has been getting its share of the business.

The experience of Home Life, one of the more recent companies to enter group, shows that there is still room in the group field and that a company that is willing aggressively to seek business is able to get it.

The group sales tempo is also expanding in other states. A number of cases for across the board group life and casualty benefits have been written.

Sales experience to date indicates that Home Life's "Planned Estates" approach blends itself with activity in the group field. The company has long sought a quality clientele and it has developed that many ordinary clients were officers of companies that needed DBL coverage. This provided an excellent starting point.

After the company formulated its plan for DBL, a sales and educational conference was arranged at each agency in the state. The estate folder of each client was reviewed and those which indicated that the client was in an appropriate situation were sent a preliminary mailing. This approach was followed up by the preparation of a complete sales kit for agents and the development of a simplified DBL sales plan. Ordinary agents are being urged to devote some time to group.

The company's brokerage business contacts were also reached and substantial business is being developed through that source.

Group offices have been opened in New York City and upstate to service agents and insured. Out of state employers having employees in New York were also contacted through group offices and agencies in other areas.

At the home office considerable attention has been given to organizing a claim department to operate directly or through the employer. A service department has been developed to handle the business that is on and going on the books and to generally streamline and simplify the administration of DBL for insured.

Concurrent LIAMA Schools

Two schools in agency management were run simultaneously by L.I.A.M.A. at Colorado Springs, and at Quebec.

Lester Horton, Newark manager of Home Life of New York, received a 10-year service medal from President James A. Fulton at a ceremony at the home office. In 10 years as manager he has increased the agency's business 15-fold, bringing it from 47th rank to a place consistently among the company's top 10 agencies.

Problems of Pension Field Vitrally Affect A. & H. Companies

Whether or not A. & H. companies are directly concerned with underwriting pensions, their stake in the problems created in this field is a vital one. Frank L. Harrington, Massachusetts Protective and Paul Revere Life, said in his address as president of H. & A. Underwriters Conference at its annual meeting at New York. Mr. Harrington observed that pensions are tied up with recent developments in the cash sickness field, and the present pension boom is closely interwoven with A. & H.

Labor-sponsored pension movements of the past few months have had a profound effect on the entire American economy and the publicity given the movement has served to emphasize the importance of security as never before, not only in retirement but also in the event of disability.

The demand for pensions to support group insurance may ultimately result, Mr. Harrington declared, in companies being forced into the pension field to a greater extent.

Mentions Amounts Involved

He pointed out that pension plans, largely developed since 1939, now represent about \$7 billion in set-aside reserves, while insured plans already numbering some 2,300, have reserves of \$4½ billion and an annual premium income of \$600 million. If added to these figures are the hundreds of plans that seem certain to develop, plus the huge collective-bargain plans now under negotiation, some idea can be drawn as to the magnitude of the movement, he said.

Pension negotiations, he added, have focused renewed attention on the interlocking problems of social security and old-age assistance, as well as government-sponsored disability programs. The industry must remain watchful as to the role government and industry are to play.

Group Growth Cited

A significant development in disability insurance has been the recent growth of group coverages. Mr. Harrington said that a reflection of this development is the activity of the conference group committee, which put on an outstanding meeting at Chicago in February.

The response of the companies on writing cash-sickness insurance in California, New Jersey and New York shows that the companies are prepared to provide coverage in this field. The substantial part of the business written by the life, A. & H., and casualty companies indicates a recognition in acceptance of the challenge presented by current trends and events. In Massachusetts the willingness of the private com-

panies through all-private plans to undertake all the cash-sickness load should the state require the employer to cover non-occupational sickness is an illustration of this. It is an important development, Mr. Harrington stated, and regardless of the final outcome may serve as the laboratory for the future form of the coverage if it is generally adopted.

The conflict involving private enterprise and the danger of socialism, while continuing, shows some encouraging signs. Mr. Harrington remarked that private industry is becoming more articulate in its own behalf. There is progress toward presenting concretely the issues involved so that the citizens may fully understand the nature and consequences of the welfare state.

New View Seen as to Social Security Plans

WASHINGTON—The U. S. Chamber of Commerce insurance department says that the consensus is that the Senate version of social security legislation "will be passed substantially as reported and that the conferees will finally agree on most of the Senate version." The letter continues:

"An informed source states that the \$3,000 tax and benefit limit in the bill approved by the Senate committee will be increased on the Senate floor at least to the \$3,600 in the House bill, and possibly beyond.

"Nevertheless, many (perhaps most) of the closest students of the subject are not at all satisfied with this kind of action by Congress. The Senate hearings saw the unusual phenomena of two important witnesses present their formal statements expressing the declared policies of their respective organizations, then ask permission to make supplemental statements presenting their personal views which were very different from the official lines. Apparently what is happening is that a fundamental swing is taking place in the views of individuals but there has not yet been sufficient time for these changes to have crystallized in the official policy of organizations.

"The new view, in brief, now recognizes that the original concept of old-age and survivors insurance being carried out on an 'insurance', semi-legal reserve basis like a private life insurance company, will not work successfully when adopted by the government. The present system has not met the need of more than a fraction of the aged population. Current 'costs' have been very low because the system has been collecting taxes from some 40 million persons and paying benefits to only some two million.

"In the meantime, a very heavy deferred liability for benefits to those who

are now working is being built up and the cost deferred to be paid by a future generation. To date, no person who has commenced drawing benefits at age 65, has paid more than about 5% of the cost of the value of those benefits. Together with his employer's contribution he has not paid more than about 10%. HR 6000 not only extends these bargain benefits but increases them, thereby deferring to a future generation a still greater cost.

"What some close students of the subject are advocating is that nothing be done to extend this system until it can be corrected, that an impartial study commission be appointed and that coverage be then extended to all old people now and the tax spread over all employed and self-employed persons. The level of benefits would have to be kept low because, when the system is thus matured or made to include 'past-service' benefits, the taxpayers will have to face up immediately to the full cost. Assuming the cost is spread equitably over all workers it will be so high as to turn back pressure for a high level of benefits."

High Court Favors Metropolitan in Discrimination Issue

The U. S. Supreme Court has refused to review a decision of the New York court of appeals upholding Metropolitan Life's right to exclude Negroes from its Stuyvesant Town housing development in New York City. Three Negro veterans took the appeal to the Supreme Court after losing a 4-3 decision in New York. Their contention primarily was that the company benefits from a tax exemption over a 25-year period and that this exemption represented a public contribution to the project under the state housing law. Therefore, they said, it was a semi-public project and contrary to the discrimination laws.

The company argued that public funds had not been contributed to the enterprise. It declared that it was its legal duty to protect the investments of its policyholders' funds. It maintains another project in the town where Negroes are accepted as tenants. The decision as to the operation of both projects was based on business judgment.

In New York Paul L. Ross, chairman of a tenants' committee to end discrimination in the project, said the decision was not a surprise and that his group would continue its activities in support of legislation making it possible for Negroes to live there. His committee has received considerable backing from United Office & Professional Workers of America, the union that represents Metropolitan agents in some areas and which has long been involved in controversial labor negotiations with the company.

Aetna Life General Agents at Advisory Council Meeting



Participating in the four-day meeting of the Aetna Life General Agents' Advisory Council were (left to right), E. F. Kenner, Oakland, Cal.; Rockwood S. Edwards, Chicago; Stanley H. Pursell, Reading, Pa.; W. Thomas Craig, Los Angeles; Foster A. Vineyard and Gordon H. Campbell, Little Rock; A. H. Hiatt, Jr., Minneapolis; F. E. Pence, Oklahoma City; John A. Hill, Toledo; Morgan B. Brainard, president of Aetna Life; Gilbert V. Austin, Brooklyn; Robert B. Coolidge, vice-president; L. Kent Babcock, Jr., New Haven; Fred E. LeLaurin, New Orleans; Frank B. Alberts, Rochester; Louis W. Sechtman, New York City, and H. J. McLaurin, Detroit. The Council is composed of general agents who have been awarded the President's Trophy for outstanding agency performance and serves as a top-level liaison between the company's field organization and the home office. Mr. Hiatt was elected chairman, succeeding Mr. LeLaurin. Mr. Vineyard succeeds Mr. Snow as secretary.

1850 "FOR 100 YEARS PROTECTING THE AMERICAN HOME"

1950



"All up and down the whole creation..."

... wherever Americans roamed, they took with them the lilting melodies of Stephen Foster. From prim eastern drawing rooms to the roaring gold-rush camps of California, men lifted their voices in praise of the Swanee River, Old Black Joe, and an unforgettable girl named Jeannie, who had light brown hair.

Starting in 1850 with his *Camptown Races*, the songs of Stephen Collins Foster became an American tradition almost overnight. Today, the "Old Folks at Home" (and young folks, too) still gather round to sing the simple tunes and tender lyrics which welled so freely from his heart.

Just as Stephen Foster, a century ago, made an enduring contribution to American harmony, a group of Vermont visionaries made another even more vital and enduring contribution to the American family when they organized that same year to form the National Life Insurance Company.

Their idea was a simple one — many people, banded together, can

accomplish what few, as individuals, could hope to achieve: security for their homes and families against the uncertainties of the future.

For a full century now, American families have found security — protection designed to fit exactly each family's requirements — in the characteristic thriftiness of National Life's management and the friendly helpfulness of its agents throughout the nation. 200,000 people, the policyholders who own this mutual organization and its billion dollars of insurance protection, can say with pride, "The National? That is my company."

★ ★ ★

This is the 150th in National Life's series of historical advertisements, and appears in six national magazines: THE NEW YORKER, June 3rd, TIME, June 12th, NEWSWEEK, June 25th, ATLANTIC MONTHLY, July issue, SATURDAY EVENING POST, July 15th, and NATIONAL GEOGRAPHIC, August issue. This series began in 1935 and, for 15 years, has been building prestige for the company and its agents.

"SOLID AS THE GRANITE HILLS OF VERMONT"

NATIONAL LIFE
Insurance Company • MONTPELIER • **VERMONT**

FOUNDED IN 1850 • A MUTUAL COMPANY • OWNED BY ITS POLICYHOLDERS

Hospital Admissions Plan Worked Out for New York Area

NEW YORK—A New York Hospital Admissions Plan, patterned after the one now operating at Chicago, has been worked out by Health Insurance Council, composed of representative of A. & H. and life company organizations, and the hospitals here, to become effective June 12. Cost of installation will be borne by the insurers. It will cover New York City and much of the metropolitan area.

About 140 hospitals are participating in the agreement including most of the members of Greater New York Hospital Assn. and Assn. of Private Hospitals. The new plan will operate in the five boroughs of New York City and in Nassau, Suffolk and Westchester counties. It thus includes suburban residents who commute to and work in New York City proper but normally would be hospitalized in their home communities. Discussions are under way

to include other sections of the metropolitan area under a similar arrangement. Such plans already are in effect at Chicago, St. Louis, Milwaukee and Cleveland.

One of the principal elements, as in Chicago, is the group hospitalization information card, prepared by the insurance company and made a part of hospital records. This makes possible immediate identification when application for hospital admission is made since it carries the name of the employer or group policyholder, the telephone contact for confirming the existence and the extent of the patient's coverage, the name of the insurer, the name and address of the individual or organization who pays the claims, and a brief description of the coverage provided by the group contract. Along with this a uniform claim form has been prepared by which the patient authorizes the hospital to receive direct payment from the insurer.

Ted Mitchell has rejoined the Pacific Mutual Life agency at Newark as supervisor. Since first joining the agency he has been at the home office and at the Detroit agency.

Complete Study of Social Security Needed: Williamson

A complete study of the social security system in the United States should be made before new legislation is enacted, W. Rulon Williamson, consulting actuary of Washington, D. C., and former actuary for the social security agency, told the annual meeting of H. & A. Underwriters Conference at New York. He said that a commission should be appointed to survey the place of such a governmental program in the economy of the country.

"There has never been sufficient time taken out for study. Time and talent and authority seem not yet to have come into conjunction. . . . It is our country, our customs and our children with whom we are tampering in this legislation. There is—in spite of vague campaign promises of action—no good reason to enact H.R. 6000 this year. There is, in fact, every reason why this semi-promise of hundreds of billions for future delivery should not dig us in further, into the vagaries that have marked the handling of deferred bread and circuses everywhere."

Reviewing the background of social security, he declared: "Death 'n' taxes are tied up with this OASI system and its running mate, public assistance. Benefits to the aged are apt, where the taxing power is available, to be payable till death. Benefits to young survivors are payable after a death. Deaths preceding survivors benefits are the less important item when compared with survival through old age. Funds for both purposes are secured by taxation."

Rules for "Social Budgeting"

Mr. Williamson outlined seven working rules for a system of "social budgeting"—what he calls an honest accounting—as to our responsibilities, rather than to our love of a bargain—to be used in considering a program of social security.

"1. National orientation. The American setting of high production, wide personal opportunity and income, means that social budgeting for the nation is both more feasible and of much less relative consequence than it would be in weaker countries.

"2. Catastrophic needs. The American federal interference with personal responsibilities should be limited to the catastrophic episodes.

"3. Presumptive need at fixed age. To avoid making the benefits relief—which I do not believe to be the function of the federal government—benefits should be based on presumptive need, and not actual need. Since beyond 70 for both sexes most men and women have retired, there is a presumption of unemployment at age 70, a presumption of job absence. The benefit age might be set at 70.

"4. To steer clear of discrimination against the needy or in favor of the thrifty, and to be truly democratic—as well as to free ourselves from the incubus of records, proving unsatisfactory—benefits should be level for all. The amount should be so determined on the one hand, as to count upon sound personal provision, and, on the other, to count upon the availability of local relief.

Special Income Tax Proposed

"5. Tax base. Securing the funds from the tax-payers should be through a special income tax—on all of the insured's income, up to a certain maximum. It should avoid the progressive feature of the regular income tax, and stick to a uniform percentage from the first dollar to the maximum. 'Soaking the rich' should be avoided by removing the strain upon the upper income (their taxing power is needed elsewhere). This faces the costs directly and charges them against the tax payer, avoiding the insidious deferred benefits base,

with its constant encouragement to prodigality in rate of benefit.

"6. There should be no employer tax in social budgeting.

"7. In order to make the payments as nearly uniform as possible, and to reduce the level of benefits, I should recommend that the special tax itself should be deductible as 'contribution to organized charity.' Similarly I should recommend that the flat benefits when received should not be taxed as income.

"In short, an American program of social budgeting should fit in with the way our civilization is organized. We should expect our traditional self-reliance to remain unchanged."

Investment Changes Up in Canada

Investment powers of Canadian companies would be modified in some respects and enlarged in others under the bill to amend the Canadian and British insurance companies act.

Companies could invest in bonds of a number of public authorities other than those providing electricity, water, and gas services, where the bonds are secured by revenue from the service provided. Investment in railway equipment trust certificates of U. S. railways would be permitted along with counterpart Canadian securities.

The dividend test to qualify debentures of corporations for investments would be strengthened. Dividends would have to be paid in each of the five years preceding the date of investment either on all outstanding preferred shares or on the common shares and at such a rate as would qualify the shares as investments. There would be an alternative test to permit investment in debentures of a corporation that has earned in the preceding five year period, at least 10 times its annual interest requirements and in each of four of those years an amount equal to 1½ times its annual interest requirements.

So far as common shares are concerned, it is proposed to make a change so that all such shares, whether they have a par value or not must have paid in each of the seven preceding years a dividend equal to at least 4% of the amount at which the shares were carried in the capital stock account of the corporation.

It is proposed to permit insurers to invest in income real estate provided it is leased to a corporation that has a reliable financial record and that under the lease there is to be returned at least 85% of the investment, together with a reasonable rate of interest over the term but not exceeding 30 years. Investments in income real estate of any kind would be limited to 5% of assets.

For a limited area of government securities it is proposed that life insurance companies be permitted to take such securities into account at values not exceeding the amortized values. Heretofore market values have been the maximum.

U. S. Chamber Insurance Committee Is Reshaped

Frank H. Thomas, president of Fire Association, has been reappointed chairman of the U. S. Chamber of Commerce insurance committee. In keeping with the practice of rotating membership on its committees, five new members have been added to the committee this year. The life insurance men in this group are Ralph C. Price of Jefferson Standard Life, and Frank P. Sanford, president of Liberty National Life. They were elected to the board of directors recently for two year terms.

Other life insurance members of the committee are Lendon A. Knight, Royal Neighbors; Laurence F. Lee of Peninsular Life and Occidental Life of North Carolina; M. A. Linton, Provident Mutual Life, and Harold M. Stewart of Prudential.

IF

- you wish to reach economic freedom
- you wish to take your place in one of the greatest professions of the day
- you wish to do your bit for your fellow-man

then become affiliated with a well established life company whose reputation for honest, friendly service to policyowner and fieldman is unsurpassed—a company standing ace-high in the insurance circles—a company offering a complete line of life insurance contracts and known the country over for its fair, friendly dealings.

You will find it pays to be friendly with



PEOPLES LIFE INSURANCE COMPANY
"The Friendly Company"

Frankfort

Indiana



COMPLETE PROTECTION

Agency Franchises Available

JEFFERSON NATIONAL

Life Insurance Company
INDIANAPOLIS INDIANA

L.I.A. Ordin Brack

A significant proportion of middle income insurance companies report income tax income less than made at come half more than to the p The gain of that group middle d comes var

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Sell More

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L.I.A.M.A. Notes Ordinary Middle Bracket Sales Slump

A significant drop since 1942 in the proportion of ordinary life sales in the middle income group is seen in the Life Insurance Agency Management Assn. report on the 1949 buyer titled "Who Buys Ordinary Life Insurance?" The report indicates that there has been a significant gain in the proportion of insurance sales made to those at the higher income levels. This gain has not been made at the expense of the lower income half of the population, which has more than held its own with respect to the proportion of policies bought. The gain has been made at the expense of that group which lies just above the middle distribution, those whose incomes vary between \$3,000 and \$5,000.

An analysis by the research division of a representative sample of ordinary life insurance purchases made in 1949 shows that 7% of males buying from ordinary agents have incomes below \$2,000; 28% have incomes below \$3,000; and 66% have incomes below \$5,000. The largest volume percentage is in the higher income groups, with the average size policy being bought by those with incomes of about \$5,000.

The income of the combination agent's adult male market is lower. Some 6% of policies are sold to persons with incomes below \$2,000; 42% to those with incomes below \$3,000; and 88% to those earning less than \$5,000. The average size policy is bought by those with incomes around \$3,500.

In the female market, both ordinary and combination agents sell almost all policies to women earning less than \$5,000. For both types of agent, the average size policy is bought by women with incomes of about \$2,500 a year.

The size of the average policy sold in 1949 including adult and juvenile business, is \$4,050; a 66% increase over the 1942 average policy of \$2,440.

Sell More Professionals

Contrasting the occupations of 1949 buyers with the 1942 group, it was necessary to consider changes in the general economic picture as well as changes in the life insurance market. In 1949, the proportions of buyers in government and manufacturing occupations are smaller than the comparable proportions seven years ago. There is an increase in buyers from trade, transportation, public utilities and construction industries. These changes are probably due to external conditions, but there are larger proportions in professional occupations now than there were in 1942, and this seems to be a result of a change in life insurance selling, the report notes.

In 1942, 32% of the male buyers from ordinary agents had executive or professional duties. In 1949, 45% have these duties. This increase is mostly at the expense of buyers with factory and mine duties and unskilled labor. There is also a slight decrease in the proportion of buyers with clerical duties and in agricultural positions. For the combination agents also, a larger proportion of the male buyers have executive or professional duties than did those examined in 1942, although the trend is less pronounced. There appears to be a similar trend for women buying from either type of agent.

In 1949, about a quarter of the ordinary agent's male buyers are employed in retail or wholesale trade. One fifth are occupied in manufacturing and another tenth are in professional businesses. These same groups are among those which buy the higher average policies, L.I.A.M.A. reports.

There is less occupational difference than might be expected between the ordinary and combination male buyers. Only 3% of men buying from combination agents are in professional businesses, but these buyers apply for the highest average policy. The trade classification represents a large proportion of

the combination buyers and a larger proportion of the volume.

The largest group of ordinary women buyers is composed of those not gainfully employed. For those who are gainfully employed, trade and manufacturing have a relatively large proportion. An even higher proportion of the total than for men are in professions. A lower proportion of the combination women buyers are in the professions, and more are in manufacturing or are not employed. But again, the proportion of professional women is higher than it is for males, the survey shows.

The ordinary agent's highest average policies are sold to men in executive and professional positions, these groups making up 51% of his volume. The combination agent sells 10% of his volume to executives, another 10% to those in managerial, proprietary or professional jobs, and 46% to craftsmen, foremen or operatives.

Elect Editorial Advisory Board

An editorial advisory board for L.I.A.M.A.'s District Management magazine has been established with 30 member combination companies represented. The magazine which is edited by William P. Stowe has appeared bimonthly since last December. The advisory board will help the magazine staff secure adequate coverage of publication material.

Director of Armed Forces Mutual Benefit on Pan

WASHINGTON—Maj. Gen. William H. Kasten, retired Army chief of finance, while on active duty used military facilities and personnel to organize the Armed Forces Mutual Benefit Assn., according to testimony of Maj. Gen. Louis A. Craig, inspector general, before a House armed services subcommittee. Gen. Kasten, who now heads the association, receives a salary in that capacity, but there was no evidence he did while in active service, Gen. Craig averred. It was further testified that Maj. Gen. Eugene M. Foster, present Army finance chief, is an association vice-president, and that most of its directors are active military officers.

Censure Recommended

Gen. Kasten was recommended for censure for his outside activity while on duty in connection with the association. Admitting use of government facilities, he denied he worked for the association on government time.

Gen. Craig said the organization was created in 1948 by Gen. Kasten and

operated for a year in government quarters, rent-free. He commented that the association had the advantage over private insurance companies in offering life coverage to officers ordered overseas, because it had advance information when a man was going abroad.

The House committee has asked the Army authorities to answer several questions with respect to the names of directors of the benefit organization and their salaries. Gen. Kasten will request to be heard in the investigation, committee sources believe.

NLRB Election Set Aside

WASHINGTON—The national labor relations board has set aside the April 25 election conducted among employees of Boston Mutual Life in Maine, New Hampshire, Massachusetts, Rhode Island and Vermont, finding that "objections of the petitioner, United Insurance Employees Local Industrial Union 1717, CIO, raised substantial and material issues with respect to the election. The board ordered that ballots impounded in the election be destroyed and the case be remanded to its regional director to conduct a new election "at such time as he feels that a free choice of bargaining representatives may be made."

did you say
"RATE"
his policy?



BACK in 1875, Prudential underwriters had to reject more applicants than they do today. Substandard insurance was then almost unknown. Beginning in 1922, more applicants became eligible for Prudential life insurance as we began to issue rated policies.

And now, in our 75th year, The Prudential has added two new classes of risks—making a total of six special rating classes. These new classes enable The Prudential to insure risks up to 500% of normal mortality.

In addition, our treatment of many other substandard risks has been liberalized. Ratings for a number of impairments have been reduced. Also, the waiting periods following many illnesses have been shortened for prospects who want to buy new insurance.

Prudential's new underwriting practices open the door for many applicants once considered "uninsurable." And no one understands the importance of life insurance more than the man who has been turned down.



THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

A mutual life insurance company

**HOME OFFICE
NEWARK, N. J.**

**WESTERN HOME OFFICE
LOS ANGELES, CALIF.**

Price, Holderness Claim Presidency

(CONTINUED FROM PAGE 1)

is charged with administrative operations, has elected Mr. Holderness as its chairman.

Replying to statements and charges of Mr. Price, a special committee of the company named to recommend framework and personnel of an executive committee and finance committee, of which A. G. Myers of Gastonia, N. C., is chairman, has issued a statement saying that Mr. Price for some time has sought to be relieved of the presidency and has requested to be made chairman. The statement was released by Julius C. Smith, vice-president and general counsel.

Earlier in the week, following the directors' action, Mr. Price had issued a statement to the company's stockholders, employees and field force stating that at a meeting May 29 the board "attempted to elect me chairman" and Howard Holderness president, and that "there is much doubt in the minds of counsel about the legality of this action and I will remain president of the company until this issue is settled."

Mr. Holderness was vice-president until about five years ago, when he left to head his own securities company.

Text of Statement

The special committee's statement said:

"We have been very much surprised and shocked at the publicity that has followed the action of the board . . . in electing Ralph C. Price as chairman. . . . The directors in so doing were acting to the best of their ability for the best interests of Jefferson Standard. Mr. Price since early in January, 1950, has been requesting that he made chairman of the board and that a new president be elected. When asked for a recommendation as to who he wanted for pres-

ident he declined to make any recommendation.

"On Feb. 3, 1949, Mr. Price tendered his resignation as president to the executive committee and finance committee and stated that he was going to take a trip to Europe and was interested in the United Nations and possibly in some position with the State Department. His associates on the committee suggested to him that he not act too hastily, and that a final decision as to his resignation be deferred. He took the contemplated trip to Europe and upon his return attended meetings of the United Nations in New York.

RECITES EVENTS

"In May 31, 1949, Mr. Price again tendered his resignation to the executive and finance committee and a meeting of the board of directors was called to be held on June 6, 1949, to act upon said resignation. However, on June 2, 1949, Mr. Price withdrew his resignation and had the scheduled directors meetings called off. Shortly thereafter he took a trip to Puerto Rico and South America, then went to an insurance commissioners' meeting in Seattle, Wash., and from there to Alaska.

"On July 7, 1949, he came to Greensboro from Myrtle Beach and requested the executive and finance committee to grant him a leave of absence until Dec. 31, 1949. Inasmuch as a directors' meeting was scheduled for July 25, 1949, he was requested by said committee to present his request for a leave of absence but stated to the directors that he probably would be away from Greensboro most of the time for the next six months attending meetings of the United Nations and engaging in

certain other matters in which he was interested.

"At the Oct. 24, 1949 meeting of the directors a resolution was introduced providing for the appointment of an advisory committee, which Mr. Price opposed. At the Dec. 5, 1949, special meeting of the directors, upon the recommendation of Mr. Price a special committee was appointed to recommend the framework and personnel of an executive committee and a finance committee to take the place of the executive and finance committee. On Jan. 3, 1950, Mr. Price announced to the executive and finance committee that when said special committee met Jan. 9, 1950, he was going to ask said special committee to recommend to the board of directors at the annual meeting on Jan. 23, 1950 that he, Mr. Price, be named chairman of the board of directors and chairman of the executive committee to be created, and that said special committee recommend a new president. He made said request of said special committee on Jan. 9, and he was asked if he had any recommendation to make as to who the new president should be, and he said he did not have any recommendation.

Special Committee Reported

"At the annual meeting of the directors on Jan. 23, 1950, the special committee made its report but did not recommend that Mr. Price be made chairman of the board and chairman of the executive committee. It presented several resolutions re-electing all officers to serve at the will of the board, and setting up an executive committee and a finance committee and designating the personnel of each, and making amendments to the by-laws to carry the said resolutions into effect. All of these resolutions were adopted, with Mr. Price and one other director objecting. Mr. Price said at said meeting, in connection with his objection to the resolutions, that he desired to be made chairman of the board and chairman of the executive committee, and that action with reference to the personnel of the executive committee and finance committee be deferred until after the election of a new president.

"Mr. Price did not cooperate in connection with the new committee set-up (the executive committee and the finance committee), and claimed that 'confusion' existed. He objected to certain members of the finance committee serving, objected to the changing of procedure as to mortgage loans and fixing of salaries, and other matters.

Clarifying Amendment Adopted

"At a meeting of the executive committee on April 4, 1950, on account of the claim of 'confusion,' an amendment to the by-laws with reference to the finance committee was recommended for adoption by the board of directors, which said amendment had the effect of clarifying the duties and powers of the finance committee. Mr. Price opposed this recommendation.

"At a meeting of the board of directors on April 24, 1950, the said amendment to the by-laws was adopted, Mr. Price casting the only dissenting vote.

"At a meeting of the directors on May 29, 1950, several resolutions and motions were adopted which had the effect of amending the by-laws so as to create the position of chairman of the board (which position had been abolished following the death of Mr. Julian Price, chairman of the board at the time of his death) and electing Ralph C. Price to said position of chairman of the board and Howard Holderness as the new president. Mr. Price and three other directors out of the 17 present were the only ones voting against said resolutions and motions.

Reference to J. M. Bryan

"In one of his published statements, Mr. Price complains about the removal of his brother-in-law as chairman of the finance committee. The fact is, Mr. Price for some time has been insisting that his brother-in-law be removed as chairman of the finance committee and

that he, Ralph C. Price, be made chairman of said committee.

"The actions of the board of directors at the said May 29, 1950 meeting were the result of months of study and deliberation, and by friends of Mr. Price and his father, were in the considered opinion of a substantial majority of the directors for the best interests of the company, and for the protection of the rights of the stockholders and policyholders in creating an atmosphere of harmony and co-operation without which no business institution can long operate efficiently and successfully. The actions taken were in full compliance with the charter, by-laws and custom of the company. The late Julian Price, father of Ralph C. Price, was elected chairman of the board and Ralph C. Price, president at the January, 1946, meeting of the directors under amendments to the by-laws and resolutions adopted by the directors."

The brother-in-law mentioned in the statement referred to in the second paragraph above, is Joseph M. Bryan, 1st vice-president, whose wife is Mr. Price's sister.

PRICE STATEMENT

"On Monday, May 29, 1950, a majority of the board of directors, without notice to me, without assignment of cause and against my express opposition, purported to remove me from the office of president of the Jefferson Standard Life Insurance Company, and purported to elect Mr. Howard Holderness as my successor," Mr. Price said in his statement. "At the same meeting the majority group of the board purported to remove my brother-in-law as chairman of the finance committee, and me as a member thereof. This was all done by said majority group in the face of unprecedented and undisputed growth of the company under my administration as president ever since the death of my father, who had placed the company in such a commanding position among insurance companies.

"The general counsel of the company was one of that majority group.

Retained Special Counsel

"I have retained special counsel for the company and myself. Upon advice of such special counsel I am insisting that the board's attempt to remove me was illegal and ineffective, and that other action upon the part of the board was illegal and improper, injuriously affecting the welfare of the company and the rights of stockholders, and that the purported election of Mr. Holderness was illegal and ineffective.

"I have not ascertained to my satisfaction just what was the purpose of the group which has attempted control of the Jefferson Standard Life Insurance Company. I was kept completely in the dark as to their plans. In fact, I was lulled into a sense of security.

"Upon the advice of counsel I have no further statement to make at this time."

Mr. Bryan declined to comment on the situation.

Mr. Price is continuing to occupy his offices at the Jefferson Standard home office and has advised company employees that he is still in charge. Holderness, occupying another suite, contends he is president.



Rex H. Anderson is the new supervisor of sales promotion at the Great West Life home office. He had been in charge of sales promotion for Washington National.

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FRANCHISE
BROKERAGE
REINSURANCE



REPUBLIC NATIONAL LIFE
INSURANCE COMPANY

THEO. P. BEASLEY, President
HOME OFFICE DALLAS, TEXAS

Life Insurance in force exceeds \$297,000,000.00

Mail Hold

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Mail Order Men Hold Parley

Henry Miller, assistant chief counsel of federal trade commission, gave an off-the-record talk at a luncheon during the annual meeting of Assn. of Insurance Advertisers at Washington. This is the organization of mail order insurers.

E. J. Becker of Wilmington was elected president; Brad Hunt of St. Louis, vice-president; Charles Rowan of Milwaukee, secretary; Ross Ream of Kansas City, treasurer; Wendell Berge of Washington, counsel. The directors are Jerome Kutak of Hammond, Ind.; John Farber of Omaha; Mr. Ream, John Walker of Kansas City and John W. Keene of Wilmington.

In the absence of Mr. Becker, the presiding officer was Mr. Hunt. In his talk he said that inasmuch as the so-called code of fair practices will be enforced by FTC, any non-member company will be prevented from enjoying a competitive advantage by reason of non-compliance. FTC is now studying complaints. It can be expected to bring formal proceedings against insurance companies.

Favors Self-Policing

Mr. Hunt expressed the belief that insurance commissioners are now beginning to realize "that the type of self-policing that we are doing in this organization is essential to prevent the development of further, more drastic federal control." He quoted Insurance Director Hershey of Illinois as recommending that the A. & H. people devise some means of policing themselves. "Thus," Mr. Hunt declared, "belatedly, the rationale of A. I. A. is beginning to receive acceptance among the state commissioners and in the insurance industry."

In the two years that A.I.A. has been in existence, he said, the organization has made great progress in meeting its problems. At the time the organization was formed "direct selling insurers were subject to intensive and sometimes nerve-racking investigation by the Post Office department. Some companies were cited to show cause why a fraud order should not be issued against them, and why they should not be prevented from receiving any mail. A few companies were indicted and others were in a state of constant doubt as to whether their policies and advertising were displeasing to the federal government. There was no yardstick then, no standards to apply, no way of knowing whether certain widely used advertising claims were to be considered as false or fraudulent pretenses, representations and promises."

Benefits from A.I.A.

He said that since A.I.A. was set up, there have been no more fraud order citations and no more indictments voted, and there has been no adversary proceeding brought against any direct selling insurance company by FTC.

Guests at the luncheon included Lewis Doyle, chief fraud and lottery section solicitor's office Post Office Department, and staff members of the FTC rule making and rule administration divisions.

Mr. Miller said the mail order rules are working well. While divergent views are reported from within FTC, there is considerable feeling there that to be exempt from the mail order rules, though they have not been interpreted officially, direct solicitation by an agent in sale of a policy is necessary. Under this unofficial interpretation, many companies not ordinarily considered mail order, but which do direct mail advertising, followed by agents' solicitation, sale of policy, premium collection, etc., would come under the mail order code.

FTC has not interpreted its definition of "mail order industry" in the rules. Representatives of mail order interests say their association members are complying with a strict code, and some are inclined to question why other com-

panies, also advertising by mail, should not likewise do so. However, it is said there has been no official complaint from association sources about the practice of other mail advertisers.

Mail order representatives have been studying the supreme court decision in the Travelers Health case. Preliminary opinion indicates that decision may not affect members of the mail order association, who are said to pursue different methods in their business from those of Travelers Health.

Justice Douglas is regarded as having cast the deciding vote, the court having been evenly divided on the case before his return. In his opinion, he lays stress upon the fact Travelers Health uses its membership to solicit new members. Mail order association members do not follow this practice, it is stated. This fact indicates to some observers that the Travelers Health decision may not encompass mail order association members.

Approve GI Dividend Cost

WASHINGTON—The House has approved the veterans administration request for an appropriation of \$4,800,000 to cover 65% of the job of distributing the NSLI dividend in 1951. The remaining cost will be included in the budget for the fiscal year of 1952. The divi-

dends are administered on a calendar year basis.

The VA has paid out \$2.5 billion in NSLI dividends out of a potential \$2.8 billion. VA has received 15 million applications out of a possible 16 million and it is expected that some 400,000 persons will not apply for dividends for various personal reasons.

The department of commerce attributes a good part of the \$10.5 billion year to the NSLI dividends and much of the \$7 billion increase in personal savings to the same source.

Reserve Life of Dallas Plans Convention in Bahamas

Reserve Life of Dallas will hold its convention at Nassau in the Bahamas Aug. 16-21. The trip will be made by plane both ways. Qualification requirements are \$150,000 in new business and \$2,000 in premiums, while \$200,000 new business and \$3,000 in premiums qualify both the agent and his wife. A minimum of 10 applications is required.

The life division is conducting a drive this month in honor of President Charles A. Sammons. Mr. Sammons' birthday was June 5. The president's month campaign includes weekly contests, as well as those running through the month.

N. J. Bar Assn. Has Group Plan

NEWARK—Trustees of the New Jersey Bar Assn. have approved a group life plan for its members, through the John A. Couch agency of Newark. Continental Assurance is the insurer.

The agency had previously written an A. & H. plan on the members. Benefits of the life plan range from \$1,000 to \$20,000, based entirely on earnings. The plan also includes accidental death and permanent disability benefits. The plan covers the association members and their employees.

Willard L. Momsen, one of the two general agents of Northwestern Mutual Life appointed at Milwaukee to succeed Victor M. Stamm when the latter retired, has opened new offices in the former Goll mansion at 1550 North Prospect avenue. The site is just north of the downtown business district and overlooks Lake Michigan.

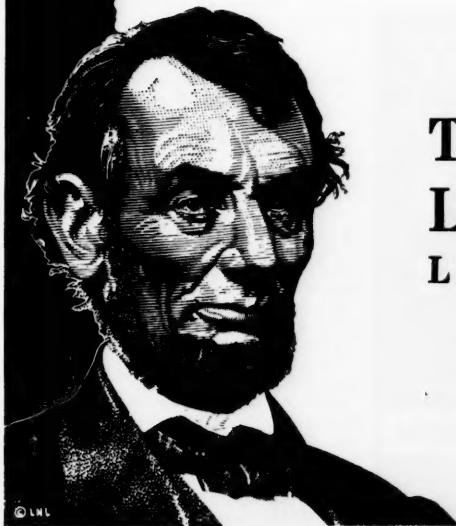
Equitable Life of Washington, D. C., has revised its rates, resulting in reductions for certain plans and ages and increases for others.

America's No. 1 Family Man

Even fathers whose proud families rate them "tops" must take off their hats to the life insurance agent as America's No. 1 Family man! For it's literally true that he brings financial security to millions of homes all over the country.

Lincoln National representatives in particular have been trained in traditions of thoughtful, human service.

LNL is geared to help its field men



The
LINCOLN NATIONAL
LIFE INSURANCE COMPANY

Fort Wayne 1, Indiana

Its name indicates its character

Cincinnati Managers Urged to Drop Failing Agents at End of Third Month

CINCINNATI—The greatest single consideration in selecting an agent is his record for diligence and getting along with people, said Richard E. Pille, vice-president in charge of agencies of Mutual Benefit Life, at the annual management conference of the Cincinnati managers.

Other speakers were F. A. Rosenfelt, general agent Connecticut Mutual, Toledo; and Dr. S. Rains Wallace, Jr., L.I.A.M.A. director of research.

Mr. Pille said that after three months in business, unless the collateral in the new agent's contract exceeds the money advanced to him the contract should be cancelled, financing losses being considered as an agency investment.

Discussing an agency's sales phi-

losophy, Mr. Pille said he knew of successful agencies operating on the sales concepts of life insurance as good property, in programming, as retirement income, or as property analysis. The general agent should write down his own sales philosophy or plan and keep it fixed in his mind.

The general agent is essentially in business for himself and is willing to invest his money for a future return. What is the maximum collateral value of his business? If his first year commissions and four vested renewals are worth \$20 per \$1,000, a man paid \$3,600 a year must produce \$180,000 of business. When a general agent knows how much it is costing him a month per \$1,000, he doesn't have to keep books,

he knows at once whether his agency is on a profitable basis.

Men want to know what the training philosophy of an agency is. A case approach is one of the best methods of training, he said. The heart of a good training program is a willingness to go out and help the man in the field, a coach on the job. Does the agency have a central prospecting theme, such as a telephone technique?

Should Reflect G.A.'s Personality

The agency should probably reflect the personality of the general agent. For example, if he is more social than business, the agency should operate on the same basis. The general agent must make up his mind what kind of an agency he is going to have and plan its operation accordingly.

Dr. Wallace said without reservation that it is the man himself who has more to do with whether he succeeds or fails than what the general agent does to him. The important thing in selection is to weed out the potential failures as soon as possible in the training process. The new aptitude index is designed to help the general agent flash a red light on "sucker" bets because long shots never pay off in life insurance, he asserted. Warning against misuse of the index, he said that it is a rejection test and once it has not flashed a red light, the general agent's job begins.

POST-SELECTION

Selection does not end at the time the man is contracted. A study showed that 15% of a group contracted did not survive at the end of each of the first four quarters its members were under contract. He suspects that there is too much talk about the selection of the man and not enough time is spent in finding the man who has the people to talk to. The termination figures cited suggest that even after the man has been in the business for some time not enough is learned about him to have a decrease in the termination rate.

Careful planning and adherence to a strict schedule are responsible for the successful operation of his agency, Mr. Rosenfelt declared. An organized work plan is a powerful factor in recruiting, he pointed out. Men like to work in a job where their activity is organized. A man who will not follow the schedule should not be permitted to contaminate the good men who do. Mr. Rosenfelt knows what each of his men do all day by means of a daily report. He guarantees success to any ambitious and intelligent man who will adopt it and follow it.

The men who are out of town mail a penny postal card to Mr. Rosenfelt every day with an account of their activities. They put the volume sold during the day at the bottom of the card.

Daily Agency Meetings

Mr. Rosenfelt conducts an agency meeting every morning. The program is set up a week or two in advance with the name of the agent and the subject assigned. The men are in the field by 9:30. If an agent is late, he is fined a nickel.

Each man receives considerable joint field help. He said that he was never too busy to spend a full eight hours in the field. New men receive a two-week "boot" training. In that period, the man's personal insurance program is checked. No man has ever brought less than \$20,000 personally. One of the agents owns \$135,000.

The managers association elected eight directors. Officers will be elected shortly.

New directors are W. T. Earls, Connecticut Mutual; Frank Wiglesworth, Travelers; T. S. Muir, Guardian; R. C. Hageman, Equitable Society; Paul Johnson, Fidelity Mutual; W. R. Dugman, Provident Life & Accident; W. A. Spiker, New York Life; G. R. Hammerlein, Minnesota Mutual; and K. B. Albers, Manufacturers Life.

COLORADO, NEW HAMPSHIRE

Aetna Regionnaire Meets This Month

Two regional conferences will be held this month by Aetna Life for its 1950 "Regionnaires," who include its leading agents.

The western meeting will be June 18-21 at the Broadmoor in Colorado Springs. The eastern conference will be June 28-July 1 at the Balsams, Dixville Notch, N. H.

Speakers at the meetings will include Vice-president Robert B. Coolidge, five other home office officials, and 11 Aetna agents. Two insurance commissioners, Allyn of Connecticut and Knowlton of New Hampshire, will address the eastern meeting. Also attending the meetings will be a number of delegates from the home office and all of the company's general agents.

An innovation will be a 30-minute skit on "Prospecting for Group Insurance," to be presented under the direction of I. F. Cook, group department secretary. A program of recreational activities, including dances, banquets, excursions and special trips, and the traditional golf tournament, has been planned in addition to the regular business sessions.

Travelers Promotes Winn to Home Office Position

Harlan H. Winn, Travelers manager at Houston, has been appointed assistant superintendent of agencies at the home office. He has been succeeded at Houston by Albert R. Enderle, manager at Jacksonville.

Mr. Winn joined Travelers in 1929



Harlan H. Winn



Albert R. Enderle

as a field assistant in Dallas. He moved to San Antonio in 1937 as assistant manager and became manager there in 1939. In 1941 he was appointed manager at Jacksonville going to Houston in 1948.

Mr. Enderle has been with Travelers since 1940 when he became an agent. In 1941 he was appointed field assistant in San Antonio. Upon release from military service, he was appointed field assistant at Jacksonville and was named assistant manager there in 1946. He was assistant manager in Miami until 1948 when he was promoted to Jacksonville.

Kellogg Van Winkle Heads Equitable Society Managers

ATLANTIC CITY—Kellogg Van Winkle, Los Angeles, was elected president of the Equitable Society General Agents & Managers Assn. at the annual meeting succeeding Ernest M. Barber, Memphis.

The three-day program got under way on Thursday afternoon and a reception was held that evening. Friday was featured by forum discussions and that evening there was a dinner dance. On Saturday addresses were made by President Thomas I. Parkinson and Ray D. Murphy, executive vice-president and actuary. Lloyd W. Klingman, Dallas, was elected vice-president, Lee Wandling, Milwaukee, secretary, and Paul F. Gorman, Boston, was reelected treasurer.

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Everything to fit your client's needs—

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- Accident Medical Expense
- 2-year Incontestable Clause
- Many other liberal sales aids

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YOUR OPPORTUNITY—Establish and Build a direct Accident, Health and Hospitalization Insurance Agency

Operating in the Heart of the Middle West

ONE OF AMERICA'S MOST PROGRESSIVE LIFE, ACCIDENT AND HEALTH INSURANCE COMPANIES

WISCONSIN NATIONAL LIFE INSURANCE COMPANY
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First Legal Reserve Stock Life Insurance Company
Incorporated in the State of Wisconsin

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COVERAGES—AGES 0-60

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WILLIAM J. ALEXANDER, PRESIDENT

La. Leg. Adverse

BATON ROUGE—The Louisiana legislature is objecting to a bill that would compel life insurance companies to state 75% of their business. The bill is the same but S. 239 was medical in nature based on a where the reasonable about a pl feature of defense is of fraud. S. 236 an petitive st bill on a would prov benefits. S. 338 w 8-point or riders, poli other form insurance. T that existin 8-point typ larger type effective d vided as po

M. R. L. Assistant

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La. Legislature Faces Bills Adverse to Life Insurance

BATON ROUGE — The Louisiana legislature has before it some bills that are objectionable from a life insurance standpoint. One of these, S. 274, would compel life companies to invest in this state 75% of reserves on Louisiana business. Another, S. 345, is about the same but limits the requirement to 50%.

S. 289 would practically prohibit non-medical insurance by waiving defenses based on medical condition in any case where the agent knew or might with reasonable diligence have found out about a physical impairment. The bad feature of this bill is that waiving of defense is not conditioned on absence of fraud.

S. 236 and H. 896 provide for a competitive state fund disability benefits bill on a 1% employee-pay-all basis. It would provide for 14 weeks of maternity benefits.

S. 338 would compel companies to use 8-point or larger type in all applications, riders, policies or endorsements, or any other form used in the issuance of insurance. The bill would also require that existing policies, etc., in smaller than 8-point type be replaced with 8-point or larger type within a year of the law's effective date. Heavy fines are provided as penalties.

M. R. Lawson Agency Field Assistant of Home Life

Marvin R. Lawson has been appointed an agency field assistant by the Home Life of New York. He was formerly assistant manager at Washington. He will assist in the direction of a group of agencies and in the training of new field personnel.

Mr. Lawson started in life insurance with Home Life in 1946, after eight years' experience in the administration of two trade associations. In his first full year in the field he was among the company's leaders. He was appointed assistant manager in 1948. He attended George Washington University, majoring in law.

Lauds Friendly Rivalry of Fraternals, Companies

ST. DONAT, P. Q.—All companies and fraternal societies in the life insurance business in Canada strive to improve their services and make a bigger contribution each year to the task of making Canadians the best life insured people in the world, Gordon C. Cumming, Monarch Life of Winnipeg, president of Canadian Life Insurance Officers Assn., said at the annual meeting of the Canadian Fraternal Assn. here.

Mr. Cumming said that the co-operative and the competitive nature of life insurance in this country could scarcely be more dramatically displayed than it is by his appearance on the program.

"I sometimes wonder if the people of Canada fully realize their peculiar good fortune in this important matter of life insurance," he said. "Here you are—the officers of upwards of 20 different Canadian and United States fraternal societies—selling life insurance to Canadians in competition with each other and with the 60-odd British, United States and Canadian insurance companies doing business in Canada."

la. Contempt Case Dropped

DES MOINES—Contempt charges against Commissioner Alexander were dropped by Bankers Life & Casualty following agreement to relicense the company and its agents.

District Judge Franklin signed the order for dismissal of the contempt charge following filing of a stipulation by both sides. Under it the commissioner reissued the licenses without alteration. Previously he had issued the licenses with the provision that the company had "complied with the laws" stricken and inserted a statement that

the license was being issued pursuant to court order.

The case arose over a controversy between the commissioner and the company over the use of its "White Cross plan" advertising.

A hearing on the second injunction obtained by the company against Alexander is expected to be held later this week. Following that hearing the entire case is expected to be appealed to the state supreme court to clarify the commissioner's authority to revoke a company's license.

U. S. Held Liable for Reducing Farm Land Value

WASHINGTON—The U. S. Supreme Court has upheld a court of claims award against the United States for \$22,519 in favor of Kansas City Life. The amount was awarded as compensation for the destruction of the agricultural value of company-owned farm land by the United States in artificially maintaining the Mississippi river in its vicinity continuously at the ordinary high-water level. This raised the water table, resulting in blockage of the drainage in the land's surface and sub-surface water.

The Supreme Court pointed out that while the United States has the right to keep a navigable stream at its ordinary high-water mark to help navigation without being liable to property owners, the absence of liability applies only where the property is in the actual bed of the stream. Where the land is located away from the stream's bed, as was Kansas City Life's property, the court held that the government is liable and that the destruction of the land's agricultural value constitutes a taking of private property within the meaning of the fifth amendment to the constitution.

Ill. Clinic Proceedings Issued in Book Form

Attorneys, life insurance agents, and faculty members of University of Illinois are among the contributors to a volume entitled "Planning and Selling Business Insurance," published by the U. of I. business school.

The university has conducted two clinics in cooperation with the Illinois State Life Underwriters Assn. and the book reports proceedings of the second clinic.

Copies are available from the business management service division of the university, Urbana, at \$3.50.

K. C. Life's New Policies

Kansas City Life has brought out two new life policies. The "Twenty-Ten," is a 20-payment life-half premium return addition policy. Premiums are payable for 20 years and the beneficiary is guaranteed return of one-half of the annual premiums paid in addition to payment of the face amount. The addition of one-half of premiums paid is made regardless of whether death occurs during the premium-paying period or after the policy is paid up. Waiver is included in the premium.

The other is a juvenile endowment at age 65. For an extra premium the juvenile premium waiver may be added, so that should the purchaser die or become completely disabled before the insured reaches 21, all further premiums would be waived.

Effective immediately, juvenile policies issued at age 1 or over will pay the face amount of the policy at death, whenever it may occur.

Looking Ahead with Insurance

An annual consumer analysis made by the Indianapolis Star and News, jointly owned newspapers, shows that 92.3% of Indianapolis family heads carry life insurance and 71.4% carry A. & H. Of the policies owned, 9.1% are over \$15,000.

Change Samaritan Life Assn. into a Mutual Company

Samaritan Life Assn., a fraternal at Duluth, has amended its charter to become a mutual life company and established an A. & H. department. Hospitalization and A. & H. will be written. The company will offer life insurance on an old line guaranteed level premium participating basis at 2½% C. S. O.

Officers of the company include W. L. Droegge, president; Thomas G. Bell, vice-president; Edward L. Palmer, treasurer; Gene Brown, secretary; Thomas G. Gall, general counsel; Gustav A. Andresen and Aleck G. McKnight, directors. All are Duluth business men or attorneys.

Charles A. Brown will head the A. & H. department which will have its offices in Minneapolis. He has been in the A. & H. business for 12 years.

Samaritan Life at present operates in Washington, North Dakota, Minnesota and Michigan, and plans to enter additional states. The head office will continue at Duluth.

The fraternal was founded in 1897 as the Modern Samaritans and the name was changed in 1936 to Samaritan Life Assn.

The company will offer retirement

income, annuities, mortgage retirements and family group, and supplemental accidental death benefits and waiver of disability coverage. Juvenile forms will be written.

Illini Society Honors Bell

The Illini Insurance Society, made up of insurance majors at the University of Illinois, has awarded its "Man of the Year" citation to N. Eric Bell of Bloomington, state director for the State Farm companies. Mr. Bell was honored for the projects which were begun during his administration as president of the Illinois State Assn. of Life Underwriters in 1948-49. He sponsored the formation of a committee of educators and insurance leaders to develop a program of life insurance education for high school students. The Illini Society last year assigned its award, which is national in scope, to Robert W. Osler, editor of life publications for Rough Notes.

Discuss Pension Trust Problems

San Antonio Trust Council heard Virgil Childress, Houston attorney, and Thomas E. Hand, pension trust specialist, discuss the problems connected with the setting up and maintenance of a pension trust plan by a corporation.



PAYS

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When you show your clients the STERLING SILVER SEAL PLAN, you offer them more complete protection which pays actual doctor bills (not a limited schedule) ... actual surgery bills ... hospital room ... miscellaneous hospital expenses (unallocated).

The Silver Seal Plan is just one of the reasons why Sterling agencies are building fast success stories. Sterling's complete line of newer, streamlined policies—Sterling's high commissions—Sterling's active lead-getting and promotional cooperation ... all add up to GREATER EARNINGS—FASTER! Appointments of top-notch men now being made for newly-opened territory. If you want complete information on our STRAIGHT ROAD TO SUCCESS—write or wire today.

L. A. BRESKIN, President
1502 Sterling Building • Chicago 11, Illinois

STERLING INSURANCE COMPANY

Now in 21 States

EDITORIAL COMMENT

Synthetic Ethics

In addressing the annual meeting of Assn. of Insurance Advertisers, Brad Hunt of St. Louis, the vice-president, spoke of the grievous situation of these companies prior to the time that they formed their organization. He said there were no standards to apply, no yardstick, no way of knowing whether certain widely used advertising claims were to be considered as false or fraudulent pretenses, representations and promises.

This is a problem that has never perplexed the insurance business in general. It is a problem that will never arise for any insurance company that is dignified, that possesses the true sense of trusteeship and the common conscience that characterizes American insurance. It is a problem that can only arise for a company that is deliberately flirting with off-color schemes. No amount of self-policing could transform

this type of insurance operation into the pattern that is created by management that doesn't have to be told by federal trade commission what constitute false or fraudulent pretenses, representations and promises.

The vast majority of insurance companies don't have to form a compact to distinguish false and fraudulent pretenses, etc., and to agree to keep above an ethical line prescribed by government. The ethics of American insurance are ingrained and natural, not synthetic.

What prompts this tart comparison is Mr. Hunt's thesis that the rest of the insurance business should follow in the path of the mail order people in getting up codes of ethics and having them validated by FTC. That one we decidedly are not buying. These people are in praiseworthy fashion making a virtue out of necessity, but their road to virtue is theirs and theirs alone.

If Boeing Can, Why Can't Life Insurance?

The growing awareness of the life insurance business of its moral responsibility for promoting an economy in which benefit dollars will have at least approximately the same value as premium dollars was stressed by Executive Vice-President Robert L. Hogg of American Life Convention in his talk at the recent meeting of the Life Insurers Conference. Mr. Hogg mentioned that the business could expect to receive plenty of brickbats as well as bouquets if it gets into this field.

However, there is evidence that the danger of reprisals is more of a bogey than a reality. For example, the Boeing Airplane Co., which is certainly in a vulnerable spot as regards possible reprisals, hasn't hesitated to speak out for a sound monetary policy. We have just received from Gerard Allen of Northwestern Mutual Life at Wichita a copy of Boeing Plane Talk, house organ of the Wichita plant. It contains an open letter from J. E. Schaefer, vice-president and general manager at Wichita, who speaks out forcefully on the need of citizens taking an interest in the government to promote sound fiscal policies.

Mr. Schaefer, in pointing out the danger of either a nation or a household living beyond its income, emphasizes that the ultimate value of government bonds, along with insurance policies and other investments made for family security, are to a large extent

dependent on citizens' understanding interest in applying the same simple rules to government spending that they use in their homes.

In urging Boeing employees to buy government bonds, Mr. Schaefer makes the point that a bond is as sound as the government and the government is "as sound as our interest in it." Invest in government bonds, he says, "then maintain an intelligent and vigilant interest in all government policies which might make or break the value of these bonds."

Mr. Schaefer's letter has a dual interest for life insurance people: First, here is a top executive of an important corporation who is acutely aware of the effect of government monetary policies on life insurance holdings; second, here is a corporation that is getting directly from the government hundreds of millions of dollars to build planes and its vice-president is saying what he thinks should be said, regardless of the possible danger of losing business for his company.

This recent letter of Mr. Schaefer's was no isolated occurrence. It is typical of many that he has sent to Boeing employees and others. He not only makes frequent statements like this in public but is also very active in writing letters of protest to congressmen and officials in the administration when he thinks they are off the track. Thus far, at least, there have been no reprisals

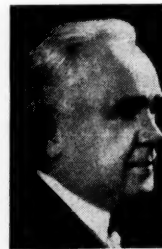
against either Mr. Schaefer or the Boeing company.

Possibly the life companies have been

more conservative than they needed to be on this score. Certainly they are no more vulnerable than Boeing is.

PERSONAL SIDE OF THE BUSINESS

Thomas I. Parkinson June 1 celebrated his 30th anniversary with Equitable Society. He became president in 1927. Two weeks ago he saw the final episode of his first undertaking for the company. The alien property custodian returned \$100,000 in American railroad bonds from the land control bank of Hamburg, Germany, the last of a multi-million dollar trust fund maintained there while the company was doing business in central Europe. It pulled out in 1904 when governmental restrictions became too burdensome but as late as 1920 there was still more than \$5 million on deposit. Mr. Parkinson's first job was to get the money back to this country. By 1923, despite an almost constant turnover of central European governments, all but that final \$100,000 had been returned. It finally made it in mid-May.



T. I. Parkinson

Eldon B. Stevenson, executive vice-president National Life & Accident, has been elected chairman of the Vanderbilt University development committee.

Dr. B. F. Byrd, Sr., medical director National Life & Accident, has been elected president of the Middle Tennessee Heart Assn.

L. Douglas Meredith, executive vice-president and chairman of the committee on finance of National Life of Vermont, has been elected a trustee of Syracuse University, from which he received a bachelor's degree and, in 1927 a master's. Mr. and Mrs. Meredith were special guests at the various functions in connection with the university's commencement. Mr. Meredith also has a Ph.D. degree received from Yale University in 1933.

The western home office of Prudential set aside a day in honor of Roscoe C. Holmes, Hollywood district manager for 21 years, in recognition of his 30th year with the company. Harry J. Volk, vice-president in charge of western operations, presented Mr. Holmes credentials of class "F" of the Old Guard at a luncheon in his honor. The district has ranked consistently among the top 20 sales leaders during the last eight years and has won the Prudential president's citation each year since 1946.

Thomas Guilfoil of St. Louis, chief counsel for the Missouri department, has taken a two-month leave of absence to serve as executive director of the campaign of former Congressman Thomas C. Hennings, Jr., of St. Louis for the Democratic nomination for United States Senator. He is scheduled

to resume his position with the department after the primary.

Walter G. Bowerman, assistant actuary of New York Life, while on a recent automobile trip through Mexico with Mrs. Bowerman, had the unpleasant experience of being held up at gunpoint by a drunken Mexican.

Alfred N. Guertin, actuary of American Life Convention, is back at his desk after having been laid up for two weeks.

New Jersey Managers outing will be at Knoll Golf Club, Boonton, N. J., June 15.

Mass. Mutual Chief



Leland J. Kalmbach, newly-elected president of Massachusetts Mutual Life, is shown here amid floral displays presented by business associates on the occasion of his elevation to the presidency. Mr. Kalmbach is the ninth president of the company and has been a vice-president since 1948. A graduate of the University of Michigan, he had previously been with Lincoln National Life.

Companies' Time Limit for Income Tax Again Extended

WASHINGTON—The time limit for life companies filing federal tax returns has been further extended, from May 15 to July 15. Commissioner Schoeneman's order indicates that it is based on the pendency of the Doughton bill revising the income tax basis for life companies.

Meeting of the conference committee on the Doughton bill awaits a call by Rep. Lynch, chairman. He is tied up with House ways and means committee sessions on tax revision. Doubt was expressed that the conference committee would meet before next week.

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DEATHS

DR. ROBERT M. DALEY, 75, retired medical director of Equitable Society, died at his home in Southold, N. Y. He was a former president of Assn. of Life Insurance Medical Directors.

HUGH T. SHOCKLEY, associate general agent for Penn Mutual Life at Spartanburg, S. C., died. For 19 years he had been general agent there, relinquishing his managerial responsibilities in 1946. Before entering life insurance, Mr. Shockley was an educator.

JOHN D. FINLAYSON, Massachusetts Mutual, Ann Arbor, died at his home at 64 after an illness of several months. Mr. Finlayson had been in the insurance business for 15 years and in 1948 qualified for the Million Dollar Round Table. He became a C.L.U. in 1937 and had been a speaker at the annual convention of N.A.L.U. He was an educator before he turned to life insurance, having been an instructor at the University of Michigan, president of Fairmount College when it became the University of Wichita and chancellor of the University of Tulsa. Mr. Finlayson held a doctor of divinity degree. As district manager for his company at Ann Arbor, he specialized in writing insurance on the lives of faculty members of the University of Michigan.

WILLIAM H. HOTCHKISS, 86, New York insurance superintendent from 1909-12 when Charles E. Hughes was governor, died. He practiced law for many years prior to becoming superintendent. From 1933-45 he was a member of New York state insurance board.

Mr. Hotchkiss has long been regarded as the dean of New York superintendents. He went into office under Hughes just after the Armstrong investigation of life insurance had won Hughes his spurs and the governorship and Mr. Hotchkiss aided much in setting the new style for insurance operations. Mr. Hotchkiss was a graduate of Hamilton college, class of 1889.

CYNTHIA KAY MONTGOMERY, who was killed in an automobile accident near her home at Mansfield, O., was the 2-year old daughter of Boyd Montgomery, special representative of Ohio State Life, and granddaughter of Robert F. Horn, manager of the agency.

EUGENE B. STEWART, 55, who was a field man in the farm loan department of Mutual Benefit Life for nine years, died at Randolph, Neb.

THOMAS J. SLY, JR., 26, son of Thomas Sly, until recently president of St. Louis Mutual Life and at present vice-president of Postal L. & C., died at his home in St. Louis. He had been in insurance with his father since leaving the navy.

WALTER WINKEL, district manager of the New York No. 5 office of John Hancock Mutual, died. Starting as an agent with the Hancock in New York City in 1925, he became assistant manager in 1929, assistant manager in Passaic in 1933, and was transferred to the New York No. 5 office as manager in 1936.

Shreveport Managers Elect

Shreveport managers elected W. J. Schergens, Aetna, president. Percy Goynne, Mutual Life, was elected vice-president, and Dwight Stallings, Life of Georgia, elected secretary-treasurer. New directors are J. K. Steel, Metropolitan, D. P. Ecger, National Life & Accident, Hubert Foster, Protective Life, and John Sullivan, Equitable Society.

Michigan Actuaries Elect

A. F. Reinhard, Federal Life & Casualty, has been elected president of Michigan Actuarial Society. Other officers are R. E. Henne, Gleaner Life, vice-president; Robert Richardson, Marsh & McLennan, secretary, and F. W. Hamm, City of Detroit Retirement System, treasurer.

Examiners of the New York department held their annual picnic at Jones Beach, L. I. Most department executives were present.

OBSERVATIONS

May Syx Applies May 6

Canada Life's underwriting department recently received an application dated May 6 on an applicant named May Syx. We would like to add that the agent's name was Mace Hicks but it was Jack Hamrick of the Dayton, O., agency.

Fling Insults Warily

Too many home office officials forget that anyone who walks in is a center of influence and potential customer, the sales manager of a supplier who sells quite a bit to companies observes.

"When one of our salesmen gets kicked around by the purchasing agent or the advertising manager, the two officials to whom we usually sell, he doesn't forget it quickly," the sales manager remarked. "One of our men told me gleefully just the other day how he'd been able to talk two friends out of purchasing substantial policies from the agent of a home office which has consistently been curt and at times insulting to him. I know of another case where a large group policy was being considered by a manufacturer whose salesmen call a lot on life insurance company home offices. Naturally, it had several proposals, that of company X being in some ways the most attractive. Before deciding, the president called in the sales manager. 'What about company X?' he asked. 'For 10 years their purchasing agent has made life miserable for every salesman who has called on him, including me,' the sales manager reported. He keeps them waiting, sometimes for hours; he makes appointments he doesn't keep; he chisels prices; and he's just plain rude.' The group case went to one of the non-quite-so-attractive proposals solely on the strength of the way the home office had treated the prospect's salesman."

Subsidizing an Agency

In response to a recent observation here that there is a trend toward amalgamation of the managerial and general agency type of operation, one general agent comments that the trend is not so much a result of the fact that it gives the home office more effective control as it is of the fact that it is becoming increasingly impossible for anyone to finance a pure general agency operation. His agency is highly successful by all apparent standards. He has 14 full-time men he recruited and trained himself, none having been in the life insurance business before.

Average production is \$251,000, including first-year men, and he has two agents who may hit a million this year. The agency stands high in ranking in a very good company. Yet in the entire time since he started his agency from scratch, he has never drawn a dime of profit from it, living entirely on his renewals plus some personal production, and having put a good many thousands of his own commissions into supporting the agency over the years.

Covering Policy Loans

One feature of over-all company conservation programs that is quite successful is that of selling term insurance to cover a policy loan. A policy loan is one of the first indications of a potential lapse.

The usual practice is for the agency cashier to point out to the policyholder who requests a loan in excess of \$1,000 or some figure that has been selected, that the beneficiary will not get the amount borrowed if the insured dies while the loan is outstanding. Policyholder is then shown how his loan can be insured at a very low cost. If interested, he is turned over to someone in the agency and term is written for

the amount of the loan. Most companies have plans for alerting the writing agent where an application for a large policy loan is made directly to the home office.

The commission on the sale goes to the agent who wrote the business originally. One agency in New York City estimates offhand that about 50% of its policy loans exceeding \$1,000 are covered by term. If a broker submitted the case originally, the commission goes to him.

While business conditions are good the number of policy loans continues low. A request for a policy loan is a good opportunity to service a policyholder. One supervisor recalled that it is a long time since policy loans had been the subject of discussion. During depression days his agency had two men assigned full time to handling policy loans. Special chairs were kept in the waiting room of the agency for policyholders waiting to apply for loans.

Companies indicate that there would be little practicality in attempting to write group credit life on these loans. Group credit life is, however, applicable when the policy loan is made from a bank that uses it. There is a question about whether there would be any advantage to doing it on a group basis over the individual procedure. In addition to the fact that companies discourage policy loans there would be legal problems in some states because the loans are not payable in definite installments. Also it might invite speculation by persons in poor health.

C.P.C.U. Needs C.L.U. Plug

The baby sister of the C.L.U. movement is the C.P.C.U. program which awards Chartered Property & Casualty Underwriters designations to candidates in the fire and casualty insurance business who successfully pass five examinations. It is a program which is in every sense a counterpart of the C.L.U. movement. It is administered from the same building at the University of Pennsylvania and has some common academic directors there. It has the same high standards as the C.L.U. movement and it is designed to answer the same purposes as the C.L.U. movement, to broaden the perspectives of designees and students and to inject a measure of professionalization into the insurance business.

The C.P.C.U. movement got under way at a bad time in 1942 and its start was naturally slowed up by the war years, but it has made a swift comeback in the education-conscious years that followed the war. The movement has been the strongest in the west, the west coast and Texas being strong centers of C.P.C.U. membership and study with the midwest next in line and the eastern states considerably behind. There is an axiom in the fire and casualty insurance business that new ideas catch hold in the west and gradually work their way east and the progress of the C.P.C.U. movement seems to bear this out.

The C.P.C.U. movement had its origin in the east, has its headquarters in the east, and would seem to have the most fertile field for membership in the east in the large home offices and intense insurance activity in the big eastern cities. Should it not be the strongest in this acknowledged seat of insurance?

There is a further paradox in that many a C.P.C.U. will tell you that some of the great indifference if not opposition to the movement is in the offices of large multiple line companies which long ago recognized the value of C.L.U. work and have pushed it among their people accordingly. The pioneers in the C.P.C.U. movement are at a loss to understand this attitude and asked the help of C.L.U.'s to break down barriers to their companion movement wherever they are able to exert influence.

Squeeze Monopoly Vote Out of Mass. Committee

The Massachusetts house ways and means committee on Monday recommended to the legislature a compulsory state fund monopoly disability benefits bill. The vote was 8 to 7. It is understood that on Friday the vote was 9 to 6 against the monopoly plan, but the governor asked the committee to take the weekend to reconsider.

Milwaukee CLU Elects

The Milwaukee C.L.U. has elected R. Wayne Allison, National Life of Vermont, president; Collin O. Resh, John Hancock, vice-president; and Harvey Leiser, Equitable of Iowa, secretary-treasurer.



Assuring More Than
**ONE BILLION
DOLLARS**
OF
**FINANCIAL
SECURITY**

Serving Policyholders
from Coast to Coast

BANKERS Life COMPANY

DES MOINES
Established 1879



PROVIDING FAMILY SECURITY
FOR OVER HALF A CENTURY

NEWS OF LIFE COMPANIES

B.M.A. Celebrating 41st Anniversary

Business Men's Assurance this month is celebrating its 41st anniversary. Agents are participating in a special sales campaign which will emphasize the sale of all of the company's services.

In addition, on June 16 the company will tie in its celebration with that of Kansas City's centennial. The evening will be known as "B.M.A. Night" at the "Thrills of a Century" pageant which is being held in the new Starlight Theater at Kansas City. W. T. Grant, chairman and founder of the company, will participate in the program.

Berkshire May Sales Drive Results Best in History

The annual May loyalty campaign of Berkshire Life was the most successful in company history. Paid business amounted to \$8,351,000, \$1 million higher than any previous total.

The S. S. Wolfson agency at New York led in paid volume and the Lawrence Newton agency at Worcester, Mass., led in per cent of quota. Jules Nassberg of the Wolfson agency led all agents and E. J. Dore, general agent at Detroit, topped all general agents in personal production.

Berkshire paid business for the first five months of 1950 is 10% ahead of 1949.

Capitol Honors Founder

Capitol Life during June and July is holding a special sales contest honoring the late Thomas F. Daly, former president and founder of the company. First prize in the contest is two shares of stock in the company and second prize is one share. Additional prizes will be offered agents writing a specified amount of new business.

Provident Mutual Calendar

Provident Mutual has announced a new "ship" wall calendar for 1951. The artists are David Loring Swasey, a Pulitzer prize winner, and Charles G. Evers, holder of the first prize of the British Water Color Society. Each painting depicts a typical American vessel in use in the environment for which it was planned.

Pacific Mutual Goes Over \$1 Billion Mark

Pacific Mutual Life during May passed the billion dollar in force mark. The company was founded in 1868.

Asa V. Call, president, in commenting on the insurance in force, said: "Growth is important to us, since it is an indication of vitality, soundness and an expression of public approval. If we are entitled to a feeling of pride it should more properly derive from the fact that the company's 1949 payments to policyholders and beneficiaries were the largest in Pacific Mutual's history. We will continue to grow, and we intend that it shall be an entirely sound and well-rounded growth."

Indianapolis Life Addition

INDIANAPOLIS—Indianapolis Life plans a \$300,000 addition to be built at the rear of its present home office. The company recently completed a building on its property for the use of agents.

Record President's Month

Lincoln National Life agents celebrated President's Month in May by establishing a new company record for that month in amount of submitted business. The contest honored A. J. McAndless, president.

Provident Mutual Life under a college-business exchange program has granted a six weeks' fellowship to William A. Paton, Jr., instructor in economics and accounting at the University of Kentucky. He will engage in a series of interviews with key personnel in order to get a complete, over-all picture of company operations.

Estate Life of Orlando, Fla., has been authorized to write life, A. & H., and hospitalization in Louisiana.

Remington Rand Forum

Remington Rand conducted a forum on use of electronics in insurance at New York in cooperation with representatives of Life Office Management Assn.; Insurance Accounting & Statistical Assn.; Insurance Accountants Assn. and Assn. of Casualty & Surety Accountants & Statisticians.

Starting with a reception and lunch, Remington Rand staff members explained the Univac system, how it

works, application to office procedures and insurance and relationship to punched card accounting.

Raymond W. Cobb, Prudential, discussed electronics investigations at Prudential, C. G. Vander Feen, National Surety, and D. M. Pruitt, General Accident, application to casualty; J. Everett Rowe, Metropolitan Life, application to life insurance, with comments by George H. Hamilton, Phoenix Mutual Life, and J. M. Donovan, Travelers Fire, and E. G. Crapser, Pacific Fire, application to fire.

COMPANY MEN

J. P. Traynor Named Mutual Life V.P.

John P. Traynor has been appointed vice-president and manager of real estate mortgages for Mutual Life.



J. P. Traynor

Mr. Traynor, who has been a second vice-president since 1947, joined the company in 1943 as manager of real estate. Two years later he was advanced to assistant manager of the real estate mortgage department. Before joining Mutual Life, Mr. Traynor was for seven years deputy superintendent of the New York department. In 1938, when the department merged 77 insurance and title and mortgage companies into a liquidating bureau, Mr. Traynor was placed in charge. Following graduation from Notre Dame, he joined New York Title & Mortgage Co. and became assistant to the treasurer in 1929. Three years later he transferred to Nyamco Associates, Inc., a management and real estate subsidiary of New York Title & Mortgage.

Lutheran Mutual Raises Four

Lutheran Mutual has named Fred W. Studier 1st vice-president and treasurer. He has been with the company since 1932, was elected treasurer in 1939 and vice-president and treasurer in 1945.

Ernest T. Koopman has been elected vice-president. Mr. Koopman joined the company in 1931, became office manager in 1944 and assistant secretary in 1945.

Eldo Schornhorst has been named assistant secretary. He has been with the

company since 1935 and auditor since 1945.

Paul Scherb, who joined the company in 1948, has been named underwriting supervisor.

Lyons Made Group Actuary

State Mutual Life has appointed Harold V. Lyons group department actuary.



H. V. Lyons

A graduate of the University of Toronto, Mr. Lyons joined Canada Life after three years in the Canadian army, leaving in 1947 to go with Pan-American Life, where he became assistant actuary. He is a fellow of the Society of Actuaries.

Jordan Named Actuary

Southland Life has named George R. Jordan, Jr., actuary, effective June 15. He will supervise all actuarial transactions.

Mr. Jordan received his first actuarial experience with Southland Life and later went with the Texas department. In 1948 he joined the actuarial department of Travelers. He is an associate of the Society of Actuaries and served in the last war.



G. R. Jordan, Jr.

Walter M. Robinson, Jr., who has been with the New York City law firm of Cravath, Swaine & Moore, is joining the legal staff of National Life & Accident, effective June 15.

Staten Island Row

A dispute on Staten Island between the Health Insurance Plan of Greater New York and the Richmond County Medical Society is increasing in intensity. The plan is backed by the city and provides prepaid comprehensive medical care to city employees and their families, United Nations employees, and others. It operates through New York City except on Staten Island. It is scheduled to open a fully equipped medical center on the island July 1. It charges that the medical society has "intimidated" doctors who wish to join it. The medical society refused to endorse the plan on the ground that it does not offer a free choice of doctors. To checkmate the H.I.P. enrollment campaign the society ran quarter page ads in the Staten Island newspaper opposing the plan and suggesting that persons consult their family physician before enrolling in any plan.

Bash Made Iowa Actuary

Commissioner Alexander of Iowa has appointed Floyd Bash of Des Moines actuary and acting rate superintendent.

Mr. Bash, formerly an examiner with the department, succeeds Vernon B. Hill, who resigned to become district supervisor at Des Moines for Farmers Mutual Automobile of Madison.

Union Mutual Life in April showed a new business gain of 12.6% and for the first four months 5.3%. Noncancellable A. & H. sales increased 29.5% for April and 14.8% for the first four months.

Grant-West Life new business in May totalled \$19,300,000, the best May on record. The average monthly production for the year to date is over \$20 million. Chicago, under Earl M. Schwemm, again led all branches and completed its 71st consecutive million or more month. St. Louis branch placed second and Vancouver third. H. B. Hunter of Toronto was leading producer for the month. Barney Duff, Saginaw, topped U. S. agents.

North American Reassurance Company

J. Howard Oden, President

110 East 42nd Street

New York 17, N. Y.

LIFE REINSURANCE EXCLUSIVELY

LIFE AGENCY CHANGES

Guibord Succeeds Gray for Conn. Mutual at N. Y.

Connecticut Mutual Life has appointed Paul L. Guibord general agent at New York City, succeeding Harry F. Gray, who is retiring. Mr. Gray has been with Connecticut Mutual for 40 years. He began as gen-



Harry F. Gray



Paul L. Guibord

eral agent for West Virginia and in 1917 joined the home office agency department where he worked on the company's first educational course. He became New York general agent in 1922. Mr. Gray is a past president of Life Underwriters Assn. of Huntington, W. Va. and Life Managers Assn. of Greater New York.

Mr. Guibord has been general agent at Rochester, N. Y., since 1946. He went with Connecticut Mutual in 1936 as an agent at Boston, later becoming brokerage supervisor and then supervisor. From 1942 to 1946, except for navy service, he was an agency assistant, at the home office.

Equitable, Ia., Makes Two Appointments

Equitable of Iowa has opened a second Los Angeles general agency headed by Neal T. Reilly, as reported in last week's issue, and has named W. Russell



Neal T. Reilly



W. R. Deatherage

Deatherage as general agent at Peoria, Ill.

Mr. Reilly, a former regional agent of the Hoghe agency at Los Angeles joined the company immediately after discharge from the army in 1946. The new agency will be at 1114 Wilshire boulevard.

Mr. Deatherage joined the Equitable of Iowa at Clinton, Ia., in 1938, and later moved to Dubuque, where he has been a regional agent for four years. Before going into life insurance he was with Bliss Syrup & Preserving Co. of Kansas City. In 1943 he headed the Dubuque Community Chest.

Lytle Heads New Agency

E. O. Lytle has been appointed manager of the new Decatur, Ill., agency of State Life of Indiana.

Mr. Lytle has had more than 20 years of field experience. He was with State Farm of Illinois for 13 years, at Quincy, Ill., St. Joseph, Mo., and Chicago.

Beneficial Establishes Agencies

Beneficial Life has named A. Edwin Larsen general agent at Cedar City, Utah, and Leigh Ellsworth general agent at Las Vegas, Nev.

Mr. Larsen has been with the company for a number of years at Burley, Ida., and is a former officer of the Idaho Life Underwriters Assn. He served in the navy. Mr. Ellsworth has been with the company since 1939.

Fred F. Sumsion, former general agent in the territory covered by the two new agencies, has returned to personal production at Springville, Utah.

Moore Appointed G. A. at Oakland by Pacific Mutual

Kergie Moore, supervisor of the A. C. Krauel agency of Pacific Mutual Life at Los Angeles, has been appointed general agent at Oakland. He succeeds Ted Dreyer, who plans to concentrate on personal production.

Mr. Moore joined Pacific Mutual in 1938 at Columbus, O. He served in the army during the last war.

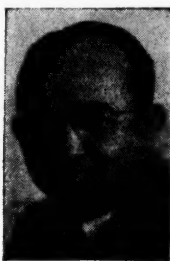
Pacific Mutual plans to open a new general agency at Stockton, Cal., in the near future.

N.W. Mutual Names Pearson to Succeed Hasek at K. C.

Sam C. Pearson, Jr., has been appointed general agent of Northwestern Mutual Life at Kansas City, effective July 1. He will succeed E. A. Hasek,



S. C. Pearson, Jr.



E. A. Hasek

who is retiring but will continue as a personal producer.

Mr. Pearson is a son of Sam C. Pearson, Sr., former general agent at Kansas City, who retired in 1946 after 40 years with Northwestern Mutual. He joined the company as an agent at Kansas City in 1935. He served in the last war.

Mr. Hasek started his insurance career in Cedar Rapids, Ia., in 1923, going to Kansas City in 1929 as general agent for Northwestern Mutual as an agent at Kansas City and became general agent three years later.

Life of Va. Ups Reynolds

Joseph A. Reynolds has been named manager of a new weekly premium district at Front Royal, Va., by Life of Virginia. He joined the company as an agent at Danville, Va. in 1945. Less than two years later he was promoted to associate manager.



J. A. Reynolds

Sinnott Joins No. Am. L. & C.

North American Life & Casualty has appointed J. A. Sinnott agency manager for western Ontario with headquarters at London. He has been superintendent of agencies of Montreal Life and before that was with Confederation Life.

Great-West Advances Two

T. W. McKay, formerly assistant group supervisor for Great-West Life at Hamilton, Ont., has been appointed

group supervisor for Hamilton, London, and Guelph.

R. M. Gaby, formerly a group representative, has been appointed assistant group supervisor at Toronto.

Penn Mutual Appointees

Frederic L. Parkhurst and W. N. Turner, whose appointments as general agents at Portland, Me., and Dayton,



W. N. Turner



F. L. Parkhurst

Van Epps Named San Diego G.A. by Paul Revere Life

Merle E. Van Epps, field supervisor of Massachusetts Protective and Paul Revere Life, has been named general agent at San Diego.

Mr. Van Epps entered insurance in 1927 as an agent of Penn Mutual at Davenport. A year later, he became agency supervisor. In 1939 he joined Mutual Life as district manager serving eastern Iowa and northwestern Illinois. He joined his present organization in 1944.

Duba United American G.A.

United American Life has appointed Rex Q. Duba general agent in South Dakota and northwestern Nebraska with headquarters at Rapid City, S. D. He formerly served with Woodmen Accident and John Hancock. More recently he has been doing field agency work for United American.

Name 2 Associate G.A.'s

Murrell Brothers, California general agents for the Mutual Benefit Life, have named Herbert W. Humber and Paul J. Quillin associate general agents at San Francisco, effective June 15.

Mr. Humber joined the Murrell agency

The KEY TO SECURITY



A Key to Success for

Equitable of Iowa Field Underwriters

Equitable Life of Iowa's field underwriters have enthusiastically endorsed the *Key to Security*, the Company's new and simplified method of life insurance programming. With a professional approach that is easy to understand, the *Key to Security* clearly defines the prospect's life insurance program requirements and graphically portrays the solution to his estate problems.

This new method of programming is consistently demonstrating its effectiveness as an aid to career life underwriting for Equitable of Iowa field men.

A three months survey indicates:

- Highly satisfactory results from the new *Key to Security* direct mail approach.
- A better than average ratio of sales per interview.
- 547 *Key to Security* sales totaling \$7,113,543.
- An average size policy of more than \$13,000.

Those are four excellent reasons why Equitable of Iowa field underwriters know that the *Key to Security* is their Key to Success.

EQUITABLE
LIFE INSURANCE
COMPANY of IOWA
Founded 1867 Des Moines
OVER ONE BILLION LIFE INSURANCE IN FORCE

at Los Angeles following service in the air force and was made supervisor in 1947.

Mr. Quillin joined Mutual Benefit at Minneapolis in 1946, later going to San Francisco as production manager. He also is an air force veteran.

Laschinger Made Manager

James E. Laschinger has been appointed manager of Mutual Life at Winnepeg.

He has been on the staff of the director of training since 1949. Before joining Mutual Life he had been a unit manager for Canada Life, which he joined in 1931. He is a graduate of the L.I.A.M.A. school.



J. E. Laschinger

District Managerial Shifts

Ernest F. Lacaire, staff manager for Prudential at Worcester, has been promoted to district manager and transferred to Taunton to replace Edward Cornell. Mr. Cornell assumes charge of Providence district number 1. He succeeds Richard G. Angus who has retired after 31 years with the company.

Mr. Lacaire was an agent at Worcester for six years before he was appointed staff manager in 1942.

Leonard R. Woods, general agent for Massachusetts Mutual Life at St. Louis, has named C. Ed Tussey as assistant general agent. Mr. Tussey has been with New York Life. He is a C.L.U.

Charles Seibel has been appointed associate general agent of the Wolff agency of Postal Life in New York City. He has been brokerage supervisor since entering life insurance with the

agency 1½ years ago. He ranked third in personal production in the Company for 1949.

Prudential has named William G. Loventhal as assistant manager of the Van Goldman ordinary agency of Prudential at Chicago. Mr. Loventhal has been for five years with Northwestern Mutual in Chicago. He served in the army.

Mutual Benefit Life has named Frank S. Wolf district manager at Plainfield, N. J. He will serve the Plainfield, New Brunswick, Perth Amboy and Somerville areas. He formerly was a supervisor of the company's Youngman agency at New York City.

C.L.U. Movement Expands

There has been a record number of C.L.U. study groups in the 1949-1950 school year and a new mark has been established for number of cities offering review courses for the annual examinations. In 42 states, 156 cities had 259 organized study groups. More than 100 colleges and universities cooperated in giving the work and many groups were sponsored by local C.L.U. chapters and local life underwriter associations.

Boston Council Elects

E. Benjamin Redfield, Jr., Northwestern Mutual Life, Swampscott, was elected president of the Boston Life Insurance & Trust Council. Other officers are Phillip W. Stocker, New England Trust Co., vice-president; Charles H. Deming, National Shawmut Bank, treasurer; and William C. Coogan of Stoneham, secretary. Allen Potter, Day Trust Co. and William R. Robertson, Massachusetts Mutual Life, were elected to the executive board.

The council sponsored an all-day seminar on pensions.

SALES MEETS

Guardian Life's Leaders Club to Meet June 20-23

Leading producers of Guardian Life and members of their families on June 20-23 will attend the annual Guardian Life Leaders Club convention, marking the company's 90th anniversary.

The convention will be highlighted by panel discussions and talks on important trends in life insurance. Before the opening session, members of the field advisory board will meet with James A. McLain, president, to discuss company policy as it affects field operations. A special meeting will be held for all managers attending the convention. There will be a luncheon meeting of the executive committee of the Leaders Club and following the convention, those members of the club who also qualified for the President's Club will convene.

On July 11, the metropolitan division of the Leaders Club will meet at Bolton Landing, N. Y.

Mutual Trust Meetings

The Illinois agencies of Mutual Trust met at Kankakee for a luncheon and a welcome by the host, General Agent E. W. Logue. Home office representatives were W. E. Grof, manager of agencies; Stacy B. Merchant, educational director; C. H. Kiefer, agency secretary; and Harold Hayward, field supervisor.

Round table discussions were held. The meeting was to inaugurate a final qualifying drive for the August regional meeting to be held at the Wisconsin Dells.

Mr. Merchant and A. H. Neil, regional manager of agencies, are conducting a series of one-day educational meetings at Albany, Boston, Hartford, and Wilkes-Barre.

Central Has Regional Rally

Central Life of Iowa held a three-day meeting and training school at Eau Claire, Wis., for 25 general agents from Wisconsin, Illinois, Minnesota, Iowa and Michigan. Erle and La Verne Lewis, general agents there, were hosts. Home office officials on the program included W. F. Poorman, president; F. L. Merritt, vice-president; Roy Campbell, secretary, and Carl Zimmerman, educational director.

Mr. Merritt spoke at the luncheon meeting of Chippewa Valley Assn. of Life Underwriters.

N. Y. Life Men at Wichita

The Wichita agency of New York Life held a round-up attended by Walter Weissinger, assistant vice-president, New York, and O. R. McCarter, St. Louis, field vice-president.

Gets LL. D. Degree

H. R. Kendall, chairman of Washington National, received the honorary degree of doctor of laws at Harding College, Searcy, Ark. Mr. Kendall has been honored by many organizations both for his contributions to the industry and for his many humanitarian and philanthropic interests. Recently he was elected to receive the rank and decoration of knight commander of the court of honor at a meeting of the supreme council of 33rd degree Masons (southern jurisdiction) held at Washington.



H. R. Kendall

J. S. Bickley Heads Ohio State U. Insurance Setup

Dr. John S. Bickley will join Ohio State University faculty next fall as head of the business organization department's insurance program, with the title of associate professor in the college of commerce and administration. For the last two years he has been assistant professor of insurance at University of Washington. He taught previously at University of Alabama and at University of Wisconsin, where he received his bachelor of arts, master of business administration and doctor of philosophy degrees. Before beginning his teaching career, he worked during 1939 and 1940 as a life insurance agent at Detroit.

Dr. Bickley developed the insurance curriculum at the University of Washington and has served as consultant on insurance matters for several governmental and industrial organizations.

Premium Tax Credit Bill

WASHINGTON — Deduction of premiums paid on life insurance of a taxpayer and on fire insurance on his home and contents would be allowed up to \$300, on his income tax return, under a bill introduced by Rep. Winstead.

Forty-nine agencies of Bankers Life of Iowa submitted \$4,039,110 of new business on the first day of president's month, an annual June event now honoring E. M. McCooney, president of the company since 1946.



"TWISTING" OR SOUR GRAPES? . . .

. . . is the heading of an editorial by Fred C. Crowell, editor and publisher, in May 12 issue of *The Insurance Field*. Says Mr. Crowell: "Have you ever awakened to find you had lost a client—or perhaps—several clients? And have you wondered what sort of spell someone else has cast over your man? The chances are more than even that it wasn't superior salesmanship but superior service—or the promise thereof—that tipped the scale."

"Programming and estate planning work is vulnerable to attack and when weak spots show up on a standardized check list, such as that sold by Insurance Research & Review Service, another life underwriter may well take your place in your client's eyes. And when that happens, you are pretty well washed up with that client. If the other fellow has actually suggested something of value to the policyowner, then it's your own fault."

The R & R Fact Finder—Estate Inventory Analysis—enables an underwriter to do a better programming and estate planning job. Free copy will be mailed you if requested on your company letterhead.

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President

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the fact that an increasing number
of our representatives are qualifying
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Not quantity alone, but quality as well,
is Fidelity's yardstick of accomplishment.

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FIDELITY MUTUAL
LIFE INSURANCE COMPANY**

THE PARKWAY AT FAIRMOUNT AVENUE
PHILADELPHIA • PENNSYLVANIA



Baker Assn.

Idaho A. elected C. for Pacific agent at its J. Golden president secretary.

Ray L. named pres. Table, Oth. sell, Twin I. mond L. K. Speakers

H. M. Long Schmidt, J. speaker was

Phila. A. Slate

Knox T. dent Mut. speaker at delphia A. June 15.

The slat that meet Green, P. Ross E. C. president; Mutual, 2 Mollenauer, Nor. L. Ph. T. Baldwin B. Holm James C. F. G. Robbins

Slate B.

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Edward been elect Assn. of I Berkshire Vogler, M tary, and treasurer. Roy Jo

NEWS OF LIFE ASSOCIATIONS

Baker Named Ida. Assn. President

Idaho Assn. of Life Underwriters elected C. Gale Baker, general agent for Pacific National Life at Boise, president at its annual meeting at Sun Valley. J. Golden Jensen, Pocatello, is vice-president and Paul L. Kohout, Boise, secretary.

Ray L. Haddock, Idaho Falls, was named president of the Leaders Round Table. Other officers are A. Grant Russell, Twin Falls, vice-president, and Raymond L. Kuhn, Pocatello, secretary.

Speakers at the sales congress were H. M. Longworth, Omaha, and Herman Schmidt, Jr., Spokane. The luncheon speaker was Horace Beckham, Portland.

Phila. Agents to Vote on Slate Headed by Green

Knox Turnbull, general agent Provident Mutual, Charlottesville, will be speaker at the meeting of the Philadelphia Assn. of Life Underwriters June 15.

The slate of officers for election at that meeting includes Stephen D. Green, Provident Mutual, president; Ross E. Gorsuch, Aetna Life, st vice-president; Hunter A. Hammill, Phoenix Mutual, 2nd vice-president; Vernon S. Mollenauer, Connecticut Mutual, treasurer. Nominated for directors are Vernon L. Phillips, Occidental Life; Leslie T. Baldwin, New York Life; William B. Holmes, Northwestern Mutual; James C. Ross, Penn Mutual, and Henry G. Robbins, Aetna Life.

Slate Barnhurst President

SYRACUSE—The slate of officers for election at the annual meeting June 15 of Syracuse Assn. of Life Underwriters includes Henry G. Barnhurst, Provident Mutual, president; John W. Brooks, Northwestern Mutual, vice-president; Grace V. McCrea, Farmers & Traders, executive secretary and treasurer; William B. Haggerty, Companion Life, secretary.

Wallace E. Grosh, Metropolitan Life, and John D. Landers, Home Life, were nominated for the board. Earle V. Osborne, Berkshire Life, has been nominated for state delegate, and Robert S. O'Neil, Continental American, for national committeeman.

Brooklyn Group Elects

At the annual meeting of the Brooklyn branch of Life Underwriters Assn. of New York City, Wednesday, the following were scheduled to be elected: Bernard M. Eiber, Mutual Trust, president; Henry Marshall, Provident Mutual, administrative vice president; Mortimer Billson, Aetna Life, educational vice-president; Irving S. Bober, New England Mutual, public relations vice-president; Morris Besso, Metropolitan, treasurer, and Murray Mulament, Mutual Trust, secretary. National quality awards were distributed.

Ohio Round Table Elects

Ohio Leaders Round Table has chosen these officers: Chairman, Graham Hopkins, Lincoln National, Dayton; vice-chairman, Daniel F. Casasanta, Metropolitan, Springfield; directors, Tracy W. Evans, Massachusetts Mutual, Cincinnati; King Baer, Reliance Life, Toledo, and J. A. Stewart, Phoenix Mutual, Cleveland.

Brock Des Moines Chief

Edward Brock, Penn Mutual, has been elected president of Des Moines Assn. of Life Underwriters. Fritz Stern, Berkshire Life, is vice-president, George Vogler, Massachusetts Mutual, secretary, and Larkin Barry, New York Life, treasurer.

Roy Jones, trust officer of Central

National Bank of Des Moines, spoke on "Life Underwriter and Trust Officer—Working Together". The achievement trophy awarded to the Des Moines association at state convention was formally presented.

Chicago Women Hear Peterson Describe Leaders

The essentials of leadership were described to Chicago Women Life Underwriters at a luncheon meeting by C. Petrus Peterson, vice-president and general counsel Bankers Life of Nebraska.

Basically, Mr. Peterson said, the leader must know where he is going, when he wants to go, the proper path to take and must be able to persuade his followers to undertake and complete the journey. In expanding upon his points Mr. Peterson explained that a surplus of dollars does not necessarily indicate prosperity because often they become cheap and it is then difficult to maintain their value. He remarked that this principle is especially important in life insurance because the present value of a dollar is used as a basis for future plans.

Commenting that the path of life is not easy, Mr. Peterson stressed that it is even less so in life insurance since agents are selling a present sacrifice for a future good. The dollars put into life insurance are not easy dollars but are saved up by small policyholders for the purpose of accomplishing security. Selling life insurance is not easy, he repeated. Rather, it is selling sacrificial living.

Melvin James Heads Utah Assn.

Utah Assn. of Life Underwriters elected Melvin D. James, Ogden, president; Ned H. Nelson, Salt Lake City, vice-president, and Wray Glenn, Ogden, secretary-treasurer. Three members of the original chartered group were present at the 45th anniversary luncheon of the association. They were J. V. Smith, John James and Frank Mozley.

Washington—Charles T. Akre of the law firm of Miller & Chaveller, specializing in tax matters, spoke at a luncheon of those who have completed the LUTC course.

Beaumont, Tex.—T. A. Ritenour, Kansas City Life, is the new president; W. P. Hargrove, Great Southern, vice-president; D. W. Hearn, Lincoln National, secretary.

Niagara Falls, N. Y.—Charles B. Wright has been elected president; Maurice McKenna, vice-president; Richard Cary, Jr., secretary, and Clarence Austin, treasurer. Frederick D. Russell, president of Security Mutual Life, warned of the inherent dangers of deficit spending, and failure to check the spiral of inflation.

New Haven—Connecticut state association heard Edmund L. G. Zalinski, executive vice-president of N.A.L.U. at its annual convention.

Greensboro, N. C.—Paul W. Schenck, Jr., has been elected president to succeed W. Dick Hinton. Howard E. Carr and George G. Stone are vice-presidents; J. Max MacKenzie Tabb, secretary; W. B. McGlamery, treasurer.

Jamestown, N. Y.—Charles H. Bucy has been nominated for president; Frank E. Felt, vice-president; Terry H. Anderson, secretary; Leo V. Harrington, treasurer. Officers will be elected June 23.

John Latosi, Buffalo manager of Equitable Society, spoke on "What Life Insurance Means to Me."

Salt Lake City—New officers include C. Duane Richards, Metropolitan, president; John F. Watson, Metropolitan, 1st vice-president; Ted A. Olsen, Equitable Society, 2nd vice-president; Keith C. Wallace, United Benefit Life, secretary-treasurer.

Dallas—New officers are Newman Long, Provident Mutual, president; William Orman, Kansas City Life, first vice-president; Herbert M. Holcomb, United Fidelity Life, second vice-president; Miss Esther Hollmer, John Hancock,

secretary, and Elliott McClung, Southwestern Life, treasurer.

Principal speaker was S. J. Hay, president of American Life Convention and president of Great National Life. National quality awards were presented to 60 members and 65 agents were named members of the Round Table Leaders of Texas.

Richmond, Va.—Salvatore Scrudato, manager for Metropolitan Life at Irvington, N. J., discussed business life insurance as it affects the sole proprietor at a luncheon meeting.

Detroit—The association has moved its headquarters from the Book-Cadillac hotel to 2018 Guardian building.

South Bend—Marking the 35th anniversary meeting, the speaker was Dr. E. Burns Martin, pastor of the Hammond (Ind.) Methodist Church and former pastor of the First Methodist Church of South Bend. President Lloyd E. Paulin of the Indiana association was on hand for the celebration.

Gaffney Son of Agent

Warren N. Gaffney, the new New Jersey commissioner, is a son of James Gaffney, who conducts an insurance agency at his home town, Roselle. Deputy Commissioner Gough, acting commissioner since the resignation of John J. Dickerson, resumes his title as deputy.

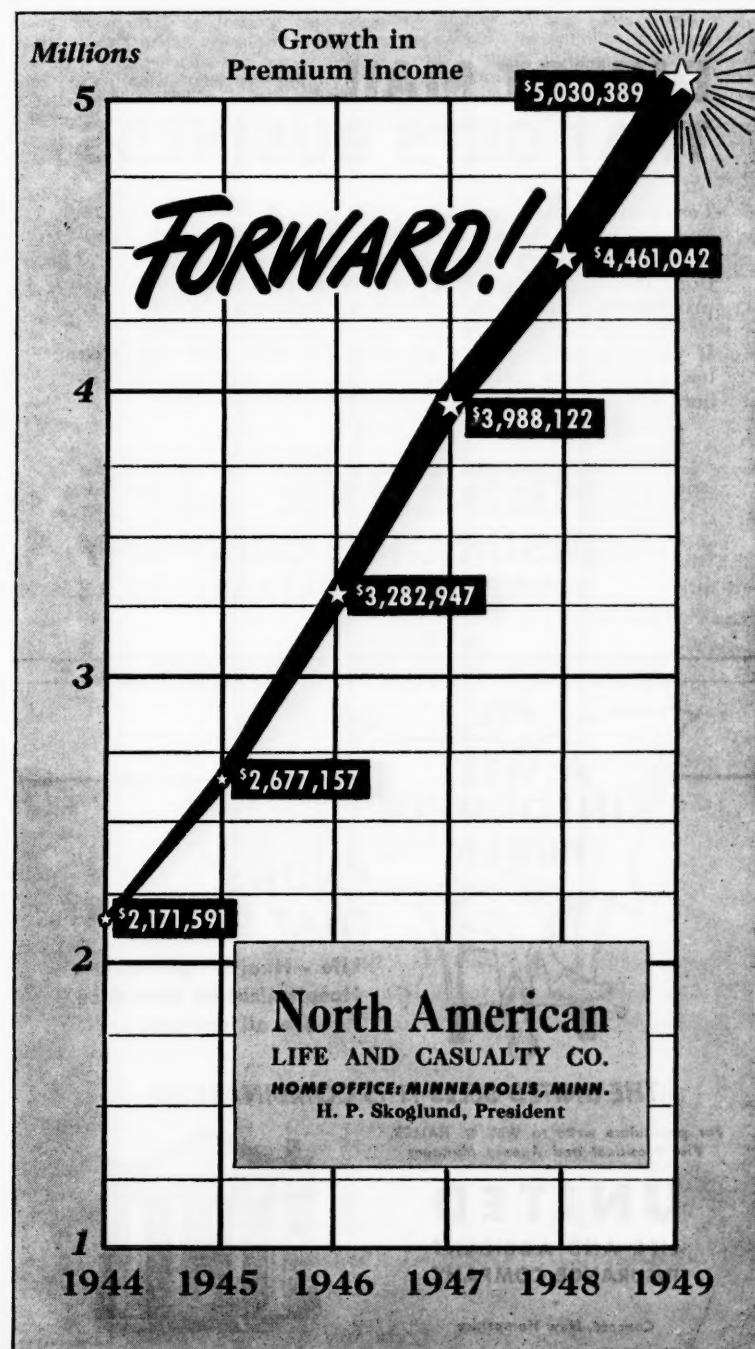
TDB Benefits Increased

Gov. Driscoll of New Jersey has signed a bill increasing maximum weekly benefits under the state disability benefits law from \$22 to \$26 and minimum weekly benefits from \$9 to \$10 effective July 1. He also signed bills providing that disability benefits may be paid to a person while under the care of a chiroprapist and one providing for reimbursement to the division of security of funds paid workers under the disability benefits law in cases where it is found later that individuals were eligible for workmen's compensation. Aside from administrative and policy changes the increase in benefits will not appreciably affect private plans.

Portraits of Presidents

Occidental Life has hung in the home office oil portraits of five company presidents. The paintings were done from photographs by Henry Goode, Los Angeles portrait artist.

The paintings are of E. H. Conger, president 1906-1907; Joseph Burkhard, 1907-192; H. J. Burkhard, 1922-1930; L. M. Giannini, 1930-1944, and the current president, Dwight L. Clarke, who was elected in 1944.



MANAGERS

Franke Heads Chicago Life Managers Assn.

Life Agency Managers of Chicago at the annual meeting and golf outing elected Hans A. Franke, Ohio State Life, president. Other officers elected were Ferrel M. Bean, John Hancock, vice-president and A. D. Crow, Lincoln National, secretary-treasurer. Elected as directors were Elmer J. Grandson, Union Central; John H. Jamison, Northwestern Mutual and James F. Royer, Penn Mutual.

Lansing Managers Elect

C. B. Dibble, Dominion Life, has been elected president of Lansing (Mich.) Managers & General Agents Assn. Vice-president is Jack Krauss, Penn Mutual Life; secretary, George Elonka, Great-West Life.

Bottens Memphis Speaker

Levi Bottens, director Life Underwriting Training Council, addressed a meeting of the Memphis Life Managers

Assn. He said for each government guarantee of security some freedom is lost, adding that regimentation under government which guarantees a cure for everyone can mean nothing but ultimate poverty for all.

Detroit Managers Outing Set

Life insurance managers of Detroit will hold their annual meeting at Knollwood Country Club, June 19. Golf and swimming are planned for the outing, concluded by an evening dinner meeting at which J. E. Rutherford, vice-president Prudential, will speak.

Austin Managers Elect

Austin (Tex.) Life Managers Club has elected Neville Johnston, Western Reserve Life, president; Jack Frost, American Hospital & Life, vice-president; Boyd Weide, Minnesota Mutual, secretary. John H. Sheffield is retiring president.

Harold Holly, assistant manager New York Life, at a meeting of Fort Worth managers discussed "Recruiting from Centers of Influence."

ACCIDENT

No Agreement Yet on Cal. Minimum Benefits Issues

LOS ANGELES—Further efforts to arrive at a solution of the problems in connection with the regulations implementing the new A. & H. minimum benefits law were made at a meeting of department representatives and the committee representing the business.

Considerable progress was made in the matter of arriving at amounts of benefits, but differences on some of the fundamentals arose and the conference adjourned to meet again, at call.

Joseph D. Thomas and Charles Mehlman represented the department at the conference, while Arnold B. Brown, Metropolitan Life, and George W. Kemper, Fireman's Fund Indemnity, San Francisco; John Sheppard, Unity Mutual Life & Accident; Ray Scofield, Massachusetts Bonding; H. C. Childress, Pacific Mutal Life, and Vice-president Howard Brace of Occidental Life, all of Los Angeles, represented the companies.

Florida A. & H. Men Elect Lynn Golden President

Florida Assn. of A. & H. Underwriters at its annual meeting at Miami Beach elected Lynn Golden, Mutual Benefit H. & A., Miami, president.

Grady Crutchfield, Professional, Jacksonville; W. Lowe Davis, Provident L. & A., Tallahassee; James F. Mullahy, Professional, Orlando; C. B. Pepper, Mutual Benefit H. & A., Tampa, and O. N. Cronk, Estate Life, Orlando, were named vice-presidents. Frank Gabor, Educators Mutual, Miami, was elected secretary. Earle R. Bennett, Provident L. & A., Tampa, retiring president, becomes chairman of the executive board.

Speakers were Dr. Homer Pierson and Dr. Charles Hillman, Miami physicians, who each stressed the importance of better understanding between insurance men and doctors.

Propose Ala. Hospital Plan

Alabama A. & H. Underwriters Assn. held a special meeting at Birmingham with hospital administrators there at which J. R. Bracewell, home office claim manager of Provident Life & Accident, explained the working of the Chicago hospital admissions plan. A committee was named to present a similar plan to Birmingham Hospital Council.

Restitution in Fraud Cases

PASADENA, CAL.—Charles Strafford, sales manager of Western Beneficial Health & Medical Assn., who recently pleaded guilty in five cases to obtaining money under false pretenses in connection with the sale of "medical care" contracts, has been placed under three years probation. Nine other charges against him were stricken.

He is to make restitution to those defrauded at the rate of \$50 per week, the payments to be distributed on a pro rata basis by the probation officer and spend three days in jail.

Flint A. & H. Group Elects

Ruel Jensen, Mutual Benefit H. & A., has been chosen president of Flint (Mich.) Assn. of A. & H. Underwriters, succeeding Martin M. Conaton, Provident Life & Accident. Leonard A. McKinnon, Continental Casualty, is the new vice-president and Mrs. Helen T. Patterson, Hoosier Casualty, secretary. Mr. Conaton was chosen chairman of the executive board.

Crown Life of Canada has started writing A. & H. insurance.

POLICIES

Travelers Issuing Annual Deferred Annuity at 70

Travelers is now issuing up to and including age 65 an annual premium deferred life annuity at age 70. Settlement at maturity date is a monthly life annuity on the 110 months certain plan. Elective options provide for a monthly life annuity prior to maturity on either the 110 months certain plan or the cash refund basis. Minimum income is \$10 monthly.

The contract has cash and loan values. Upon discontinuance of premium payments, the contract continues as a paid-up deferred annuity beginning at maturity date.

Death benefit is equal to the sum of the premiums paid or the cash value at the next premium due date.

Maximum income for both male and female lives will be \$1,500 per month at age 70 on the life income 120 months certain plan, with a proportionately lower income where the cash refund plan is elected. These limits apply only to applicants who have no other annuity or policy in Travelers providing a life income.

3 New B.M.A. Policies

Business Men's Assurance has introduced three new policy forms. A special 10-pay life plan, available to men and women, ages 50 to 70, is designed to meet the special investment needs in older ages. Premiums reduce one-half after five years. Two new juvenile policies provide 20-pay endowments at ages 60 and 65. Both forms can be written beginning at age 0.

The company is now sending premiums to policyowners residing outside the United States via air mail.

Combined American of Dallas has brought out a 20-year family income rider with premiums payable for 10 years and providing \$20 monthly income per \$1,000 basic amount from date of death for the balance of the family income period.

Virginia Mutual Benefit Life has introduced a special 20-payment endowment at age 85 policy available to preferred risks. Minimum policy is \$5,000.

Maccabees has eliminated from its double indemnity rider the exclusion of death by accidental means caused by bodily injuries occurring outside the limits of the continental United States or Canada. The new provisions will be retroactive to all outstanding certificates containing the double indemnity benefit.

Ohio State Life is now issuing a participating juvenile 30-pay life to fit in with the 20-pay life endowment at 85. The policy is not issued for an ultimate amount of insurance less than \$1,000.

Drafting NSLI Report

WASHINGTON — Report of the Hardy subcommittee that investigated National Service Life administration will be submitted the latter part of July, according to present plans. Committee members are reported personally drafting the report, instead of leaving this task to counsel and staff members.

The report will contain the committee's findings, "observations" and specific recommendations directed to appropriate congressional committees.

Rep. Hardy has obtained permission to have the hearings printed, together with an appendix containing all exhibits, which publication is expected to be available after June 15.

An organization in Tokyo known as the Post Office Life Insurance Bureau has translated into Japanese the sales training text of Bankers Life of Iowa as an aid for its field force.

DIRECT MAIL THAT GETS BUSINESS

Tested direct mail campaigns are helping Reserve Life Agents find new prospects and sell more business. Offering all standard policy forms, plus Retirement Income, Juvenile Education, Home Security, etc., Reserve Life has a direct mail program for each of the policies you specialize in.

If you're interested in a connection with a Company that has a real direct mail prospecting service, write to S. J. Gilbert, Vice President and Director of Life Agencies.

RESERVE LIFE INSURANCE COMPANY

HOME OFFICE: DALLAS, TEXAS



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Life - Health - Accident - Hospitalization Insurance are all necessary

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Life Insurance Assn. of America Meeting

(CONTINUED FROM PAGE 2)

tion of securities that has been developed. Recently fire and casualty companies indicated they opposed the life company plan not only for themselves but for life companies as well. They want preferred stocks on a market basis so their value can be included in surplus. F. W. Ecker, financial vice-president Metropolitan Life, said life companies want assets valued on a stabilized or amortized basis. Stocks are not a major part of assets but in relation to surplus they are significant. The life company committee did not want preferred stock subject to market fluctuation. The plan envisaged putting all bonds and preferred stocks on an amortized basis. Only common stock and defaulted bonds or lower grade preferreds would be carried at market. It also involved development of a reserve against economic hazards. For directly placed securities for which there were no established market values the plan was that companies should be able to decide in what class the security should be subject to a check by the National Assn. of Insurance Commissioners' committee on valuation of securities.

Sherwin C. Badger, vice-president and financial secretary New England Mutual, said the estimated volume of life company owned directly placed securities was now above \$12 billion and that an effective way to value these securities and guard against the effect of a depression must be found. Claude L. Benner, president Continental American, said the time may come when companies will need to get some better way to value securities in more practical manner than book values alone.

J. J. O'Leary, L.I.A. director of investment research, discussing mortgage lending, said private activity in the

housing field generally is being restricted to an ever smaller area by federal legislation, the principal features of which he reviewed. E. A. Camp, Jr., vice-president Liberty National, said that housing construction was going on at record pace but that the housing shortage might terminate by the end of 1951.

He injected a note of caution about mortgage loan terms, percentage of value, and over-all volume, stating that the field might go sour. The government debentures given in exchange for defaulted mortgage loans continually go down in guaranteed returns, he said. He, too, cautioned against governmental activity in the field and urged that greater attention be given mortgage department activities.

Julian D. Anthony, president Columbian National, said some companies are requiring a down payment, in some cases 15%, on veterans' mortgage loans. This, he said, may be why pending legislation provides \$150 million for direct government investment in these loans where the money is otherwise unavailable. Companies may want to do away with these requirements, he said, because of their adverse public relations effect.

Common Stock Experience

H. W. Brower, executive vice-president Occidental Life, reported that over the 20-year period 1929-49 his company bought common stocks of 220 corporations. Purchases were \$36 million, sales \$17 million, present holdings \$19 million. The over-all return was in excess of 8%. He said a portfolio of carefully selected common stocks, prudently managed, can greatly benefit a company. He suggested that states limit the amount which can be bought to a conservative portion of a company's assets, to a small percentage of the stock of the company invested in, that it be a listed stock, geographically distributed, dividend-paying, and bought and managed with know-how.

Mr. Badger reported on a study by his company during the same period in which its return exceeded 5%. Mere retention of principal should not be the sole factor in investment, he said. Return is also important. The average return for his company was never below 3.9%. If the company had to liquidate the stocks it held in 1934, it would have had to take a 77% loss but it didn't liquidate and didn't have to. Common stocks do have some place in life insurance investments in a reasonable though small amount, he concluded.

Mr. Clark said more equity investment might encourage capital expansion and cut industrial debt ratios, creating wider fields for debt investment by life companies.

AGENCY RESEARCH

Research is enabling agency departments to decrease costs while giving better results to policyholders and companies, John Marshall Holcombe, Jr., managing director of L.I.A.M.A., said. He discussed the results of a survey of a group of full-time ordinary agents who were hired in 1946 of whom 75% were lost by the end of three years. Of the 25% that remained, production of paid business was higher in the second quarter but thereafter throughout the three years had a slight downward tendency.

"This is a most disturbing discovery because it was natural to assume that all the great recent increase in our training and supervisory work would achieve a gradual improvement as the man stayed with us," he said.

L.I.A.M.A. in the months ahead is going to study various groups of agents until it finds one where the reverse of the usual experience is true, he said.

When it has found a group of agents whose production tends to increase during each successive quarter it will then attempt to determine the influences which are peculiar to them. Once that is learned, he said, "we may be on the threshold of a new day in training and supervision."

The modernized premium receipt procedure will save companies an estimated \$3 million to \$5 million annually, said H. R. Glenn, associate general counsel of L.I.A., first speaker on the final panel where E. M. McConney, president Bankers of Iowa, was moderator.

Many companies are waiting for N.A.I.C. approval before adopting the plan, he said. Some companies for traditional or policyholder relations reasons have indicated that they do not wish to change their present procedure. Final N.A.I.C. action is expected at the Quebec meeting where, Mr. Glenn said, he expected the procedure would be approved, provided the companies meet basic requirements which N.A.I.C. is expected to lay down.

Uninsured Pensions

The time has come for life companies to aggressively refute competitive half-truths used by banks in selling trustee pension plans, warned Henry E. Blagden, 2nd vice-president and associate actuary Prudential. Misleading cost comparisons are being given, he said, that may lead to serious difficulties in the future for uninsured plans. Annuity premium taxes and company income taxes put insurers at a disadvantage, he said,

indicating that he hoped this could be corrected.

Newly developed insured plans can meet the flexibility arguments of advocates of uninsured plans. If there is any wide acceptance of the propaganda that an insurance job can be done by a bank at 75% of the cost, serious harm will have been suffered by the entire life business, he declared. The responsibility of insurers in meeting the demand for pensions and the need for getting across to the public correct funding philosophies were described by Ray M. Peterson, associate actuary Equitable Society.

Reserve-Strengthening Programs

Reduced interest earnings are offsetting mortality and other gains particularly on older business with higher guarantees, Ronald G. Stagg, president Northwestern National, said in discussing the problem of reserve-strengthening and methods of doing it. Despite objections from agents, policyholders, stockholders or other sources, if, upon study reserve strengthening is found advisable, it should be done forthrightly, he stated.

Within two or three months a report on a revised section 213 of the New York expense limitation law will be completed by the joint A.L.C.-L.I.A. committee on the subject and will be submitted to member companies for study, review, and suggestions, Mr. McLain, committee chairman, reported.

The time may have arrived for ac-

(CONTINUED ON PAGE 24)

WANT ADS

Rates—\$12 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline Tuesday noon in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

REGIONAL SALES MANAGER WANTED

Well-established mutual insurance organization has opening for Regional Sales Manager to supervise and direct District Managers in Wisconsin and Michigan. Multiple line operation with agents writing life, automobile and residence fire. Successful life insurance background and personnel management ability necessary. Compensation on salary and expense basis. Salary open.

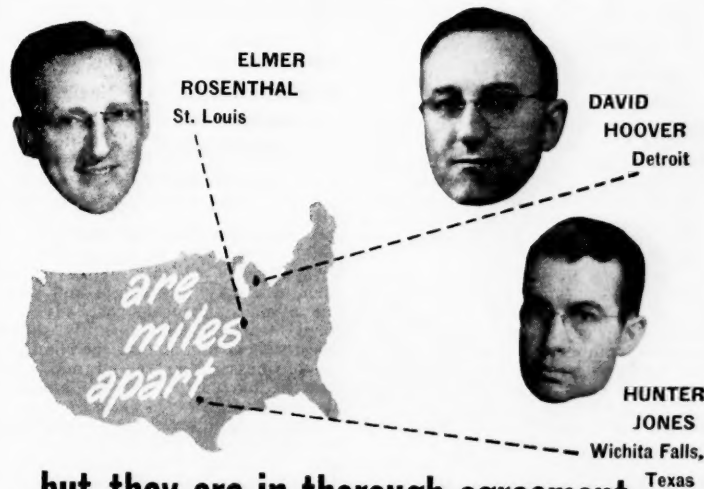
Write A-22, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill., stating full particulars of background, experience, and personal data. Replies strictly confidential.

EXPERIENCED HEALTH, ACCIDENT, AND HOSPITAL CLAIM ADJUSTER

Responsible man between 35 and 50 for position of Assistant to Claim Department Manager for Insurance Company located at Rockford, Illinois. Permanent position for capable person. Give full details in reply as to age, experience, and salary expected. All communications will be strictly confidential. Address A-34, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WOULD YOU LIKE TO LIVE IN CALIFORNIA?

A Multibillion Dollar Company will pay livable salary plus New York commission scale to experienced agent who can produce satisfactory volume of ordinary insurance. Give age, marital status and employment record. Address A-37, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.



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GENERAL AMERICAN LIFE'S RENEWAL PERSISTENCY COMMISSION

Quality business pays off for General American Life field underwriters. In addition to vested renewal commissions, all contracts provide an additional renewal of 100% or 150% of the standard first year renewal commission rate.

Extra earnings features such as this cause Messrs. Hoover, Rosenthal, and Jones to say: "You're always in a good-paying business at



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Sales Ideas and Suggestions

NEW COMPREHENSIVE BOOKLET

Eight Convincing Reasons Why Business Insurance Will Continue to Be a Top Sale

There are eight major reasons why business insurance will continue to be a major field of life insurance selling according to "Business Insurance in a Nutshell," by H. P. Gravengaard, vice-president of The National Underwriter Co. and executive editor of the Diamond Life Bulletins department. This 50-page pocket-size book was recently published by The National Underwriter Co.

These reasons are as follows:

1. There is a compelling need for business insurance.

The need for business insurance is greater than the need for fire insurance—a building may never burn, but every human being will die. As a matter of fact, in most cases the need for business insurance is as great as the need for personal insurance. Most business owners have their "all" in their businesses, and business failure would be disastrous to the personal estate as well as the business.

It is not an exaggeration to say that most business owners today cannot afford to die without business insurance.

2. Sixty per cent of American business firms are as yet untouched by business insurance.

60% Without Coverage

A recent survey by the bureau of economic and business research of the University of Illinois shows that three out of five (60%) American business units have no business insurance of any type; and about 40% of those which have no business insurance have never heard of life insurance for business protection or continuance.

3. There are powerful forces working for the continuous prosperity of business.

Political and economic and social considerations compel government's interest in business prosperity to maintain employment, to provide taxes to meet the public budget, to meet interest payments on our gigantic public debt, and to promote the public welfare.

These vital interests of our government act as a deterrent to repressive governmental action against business.

4. Trust officers, attorneys, and accountants are demonstrating a growing appreciation of the advantages of business insurance.

These professional people indicate a growing need for expert knowledge of business insurance in order to help their clients solve the problems that are created by the death of a business owner or a key man.

5. There is a growing realization that business profits are made by men and not by machines.

High taxation, costly governmental reports and regulations, and increasingly severe competition will emphasize more and more the vital importance to business of key men in profit-making. The need for insurance to offset the loss of key men is self-evident.

6. The business insurance premium dollar is, comparatively, easier to get.

It is easier to spend dollars out of business surplus than dollars out of personal funds.

7. The average sale is larger.

Most business owners will buy larger amounts to protect their businesses than they will buy to protect their families.

8. Business insurance is an "easy approach" to prospective buyers.

Businesses Surprisingly Small

American business is largely small business—over 95% of United States firms have less than 10 employees. Thus, in the great majority of cases the employer is easy to get to and easy to talk to.

A successful business owner is completely interested in his business, and always ready to talk about its problems. He may turn frigid and shut up like a clam when approached on personal insurance, and abruptly show interest when the subject is changed to his business. You see—a man's home may be his castle, but his business is his kingdom.

The booklet stresses the opportunity for personal as well as business insurance resulting from the operation of these factors and points out that the agent who will prepare himself for com-

plete service—personal and business—will not only increase his commission income substantially but will earn the gratitude, respect and loyalty of his clients.

In a foreword, Mr. Gravengaard said that many agents have overlooked the golden opportunity of business insurance because they thought that business insurance was complicated and that it concerns big business only. Neither of these beliefs is true, for business insurance is no more complicated than personal insurance and the record proves conclusively that it concerns little business far more vitally than big business.

Of the 3 million businesses in the United States, one-third are one-man concerns and 1,850,000 have eight or fewer employees. In other words, 95% of U. S. businesses have eight or fewer employees and it is a conservative guess that half are sole proprietorships.

In general, Mr. Gravengaard points out, all assets of the sole proprietor, the partner, or the close corporation stockholder are in his business. If his business fails it may prove disastrous to his personal estate also. The fact is that most business owners cannot afford to die without business insurance.

Solomon Huber Agency Holds Annual Meeting

Various aspects of estate planning and the development of a favorable client-agent relationship to them were discussed at the annual meeting of the Solomon Huber agency of Mutual Benefit Life in New York City. Miss Mildred F. Stone, company director of policyholders service, opened the meeting, following a breakfast, with pointers on correspondence. Methods of reviewing the agent's public relations were outlined by H. G. Kenagy, vice-president.

Milton Young, New York tax attorney, reviewed estate and income taxes. Building prestige through community activity and the various techniques of solidifying the client's goodwill during the fact-finding, presentation and decision interviews were explored by agency members. Following lunch, Charles Bacon, manager of the mutual funds department of Ira Haupt & Co., stock brokers, discussed the proper role of mutual funds in estate planning, emphasizing the need for cooperation between the agent and mutual fund salesman in establishing the feeling of respect and good-will in the client. A talk on motivation was given by Edward L. Reiley, Mutual Benefit Life general agent at Philadelphia. The meeting concluded with Mr. Huber giving "An Underwriter's Philosophy."

Distribute New Cal. Manual

The California department is now distributing a new manual on life and disability insurance. Prepared by a joint committee of department personnel and insurance representatives, the manual is designed to provide licensees and applicants for licenses with a comprehensive text covering the law and the theory and practice of life and disability insurance. It has been compiled in such a manner as to present the California insurance code in language which can be readily understood.

The manual can be obtained at any of the department's offices. It sells for 50 cents a copy, plus sales tax, with a 10% reduction for quantity orders of 25 or more.

Townsend Elected Treasurer

James E. Townsend has been elected treasurer of United Mutual Life, succeeding the late Walter A. Miller.

Beneficial Standard Life has been licensed in Arkansas.

"PAR" BREAKFAST

Parkinson Tells of Diesel Rental Plan

NEW YORK—The purchase-lease freight car plan of Equitable Society will be extended to include diesel locomotives. Several railroads and diesel locomotive manufacturers have already expressed interest and contracts are in varying stages of discussion, President Thomas I. Parkinson said. He predicted that carriers now working on modernization programs would find the Equitable's locomotive lease plan very helpful.

Mr. Parkinson made the announcement at the New York "Par for Parkinson" breakfast sales conference for qualifiers from the east and south.

Somewhat similar to the freight car rental plan, the diesel purchase-lease contrast is based on a purchase agreement under which Equitable purchases the diesels from the locomotive manufacturer and a lease contract under which the company leases the locomotives to a railroad.

Payment Plan Outlined

Equitable makes a 90% cash down payment for the diesels and agrees to pay the balance in equal instalments over a period of 5 years, out of rentals and so long as the rentals for the locomotives are received from the railroad. Interest is paid during that period on the unpaid balances owed to the manufacturer.

Under the agreement with the railroad, Equitable leases the diesels to the carrier for an initial term of 15 years, giving the railroad an option of returning them to Equitable at the end of that term or of continuing to lease all or any of them for an additional term up to 10 years. Unlike the daily rental of freight cars, rentals on diesels will be paid quarterly by the railroads.

In the two months during which the Equitable freight-car plan has been in operation, contracts have been signed or are nearing completion with six railroads for 14,600 freight cars costing \$77,492,000. The Pennsylvania Railroad, with an order for 10,000 freight cars is Equitable's biggest customer to date. In addition, Equitable is currently negotiating with other roads for contracts involving 5,074 freight cars, costing \$28,261,000.

Aids Modernization Program

Mr. Parkinson pointed out that under the Equitable plan the roads can begin replacing obsolete freight cars immediately without the 20% down payment traditionally required, while the diesel rental plan offers an equally good opportunity to complete the modernization program without tying up railroad capital.

Discussing other Equitable investments, Mr. Parkinson mentioned Equitable is helping to reclaim a depressed area and will erect three office buildings; and Fordham Hill, Bronx housing development.

Premium Tax Credit Bill

WASHINGTON—Deduction of premiums paid on life insurance of a taxpayer and on fire insurance on his home and contents would be allowed up to \$300, on his income tax return, under a bill introduced by Rep. Winstead.

Rep. Teague has introduced a bill to require that the National Service Life act shall be centrally administered at one location, "to the maximum extent practicable." Deadline for arranging this matter under the bill would be one year.

THE COUNTRY'S MOST FRIENDLY COMPANY OFFERS. . .

- Modern and attractive agent's and general agent's contracts to those looking for a permanent connection.
- Complete line of Life Insurance policy contracts from birth to age 65 with full death benefit from age 0 on juvenile policy contracts.
- Complete line of Accident and Health policy contracts with lifetime benefits.
- Individual Family Hospitalization contracts with surgical, medical and nurse benefits.
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- Educational program for field man.

Strong, Progressive Company

Older than 85% of all legal reserve life insurance companies

COMPANY'S EXPANSION PROGRAM OFFERS

Openings in California, Florida, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, New Jersey, North Dakota, Ohio and Wisconsin.

NORTH AMERICAN LIFE INSURANCE COMPANY of Chicago

C. G. ASHBROOK, VICE PRESIDENT — DIRECTOR OF AGENCIES
NORTH AMERICAN BUILDING, CHICAGO 3, ILLINOIS

Text of Opinion in Virginia Case

(CONTINUED FROM PAGE 1)

residents "through medium of any advertisement from within or from without the state, and/or through the mails or otherwise, by intra- or inter-state communication, . . . unless and until" it obtained authority in accordance with the "Blue Sky Law." This order was affirmed by the Virginia court of appeals. 188 Va. 492, 51 S. E. 2d 263.

Appellants do not question the validity of the Virginia law "to the extent that it provides that individual and corporate residents of other states shall not come into the state for the purpose of doing business there without first submitting to the regulatory authority of the state." As to such state power see, e.g., *Hall v. Geiger-Jones Co.*, 242 U. S. 539. Their contention is that all their activities take place in Nebraska, and that consequently Virginia has no power to reach them in cease-and-desist proceedings to enforce any part of its regulatory law. We cannot agree with this general due process objection, for we think the state has power to issue a "cease and desist order" enforcing at least that regulatory provision requiring the association to accept service of process by Virginia claimants on the secretary of the commonwealth.

Appellants' chief reliance for the due process contention is on *Minnesota Ass'n. v. Benn*, 261 U. S. 140. There a Minnesota association obtained members in Montana by the same mail solicitation process used by Travelers to get Virginia members. The certificates issued to Montana members also reserved the right to investigate claims, although the court pointed out that Benn's claim had not been investigated. This court held that since the contracts were "executed and to be performed" in Minnesota, the association was not "doing business" in Montana and therefore could not be sued in Montana courts unless "consent" to Montana suits could be implied. The court found the circumstances under which the insurance transactions took place insufficient to support such an implication.

But where business activities reach out beyond one state and create continuing relationships and obligations with citizens of another state, courts need not resort to a fictional "consent" in order to sustain the jurisdiction of regulatory agencies in the latter state. And in considering what constitutes "doing business" sufficiently to justify jurisdiction in the state where the effects of the "business" are felt, the narrow grounds relied on by the court in the Benn case cannot be deemed controlling.

In *Osborn v. Ozlin*, 310 U. S. 63, 62, we recognized that a state has a legitimate interest in all insurance policies protecting its residents against risks, an interest which the state can protect even though the "state action may have repercussions beyond state lines." And in *Hoopston Canning Co. v. Cullen*, 318 U. S. 313, 316, we rejected the contention, based on the Benn case among others, that a state's power to regulate must be determined by a "conceptualistic discussion of theories of the place of contracting or of performance." Instead we accorded "great weight" to the "consequences" of the contractual obligation in the state where the insured resided and the "degree of interest" that state had in seeing that those obligations were faithfully carried out. And in *International Shoe Co. v. Washington*, 326 U. S. 310, 316, this court after reviewing past cases, concluded: "due process requires only that in order to subject a defendant to a judgment in personam, if he is present within the territory of the forum, he have certain minimum contacts with it such that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice.'"

Measured by the principles of the *Osborn*, *Hoopston* and *International Shoe* cases, the contacts and ties of appellants with Virginia residents, together with that state's interest in faithful observance of the certificate obligations, justify subjecting appellants to cease-and-desist proceedings under §6. The association did not engage in mere isolated or short-lived transactions. Its insurance certificates, systematically and widely delivered in Virginia following solicitation based on recommendations of Virginians, create continuing obligations between the association and each of the many certificate holders in the state. Appellants have caused claims for losses to be investigated and the Virginia courts were available to them in seeking to enforce obligations created by the group of certificates. See *International Shoe Co. v. Washington*, supra, at 320.

Moreover, if Virginia is without power to require this association to accept service of process on the secretary of the commonwealth, the only forum for injured certificate holders might be Nebraska. Health benefit claims are seldom so large that Virginia policyholders could afford the expense and trouble of a Nebraska law suit. In addition, suits on alleged losses can be more conveniently tried in Virginia where witnesses

would most likely live and where claims for losses would presumably be investigated. Such factors have been given great weight in applying the doctrine of forum non conveniens. See *Gulf Oil Co. v. Gilbert*, 330 U. S. 501, 508. And prior decisions of this court have referred to the unwisdom, unfairness and injustice of permitting policyholders to seek redress only in some distant state where the insurer is incorporated. The due process clause does not forbid a state to protect its citizens from such injustice.

There is, of course, one method by which claimants could recover from appellants in Virginia courts without the aid of substituted service of process: certificate holders in Virginia could all be garnished to the extent of their obligations to the association. See *Huron Corp. v. Lincoln Co.*, 312 U. S. 183, 193. While such an indirect procedure would undeniably be more troublesome to claimants than the plan adopted by the state in its "Blue Sky Law," it would clearly be even more harassing to the association and its Virginia members. Metaphysical concepts of "implied consent" and "presence" in a state should not be solidified into a constitutional barrier against Virginia's simple, direct and fair plan for service of process on the secretary of the commonwealth.

We hold that Virginia's subjection of this association to the jurisdiction of that state's corporation commission in a §6 proceeding is consistent with "fair play and substantial justice," and is not offensive to the due process clause.

Appellants also contend that §6 as here applied violates due process because the commission order attempts to "destroy or impair" their right to make contracts in Nebraska with Virginia residents. Insofar as this contention can be raised in a special appearance merely to contest jurisdiction, it is essentially the same as the due process issue discussed above. For reasons just given, Virginia has power to subject Travelers to the jurisdiction of its corporation commission, and its cease and desist provisions designed to accomplish this purpose "cannot be attacked merely because they affect business activities which are carried on outside the state." *Hoopston Canning Co. v. Cullen*, supra, 320-321. See also *Osborn v. Ozlin*, 310 U. S. 63, 62. These two opinions make clear that *Allegier v. Louisiana*, 163 U. S. 578, requires no different result.

Appellants concede that in the *Osborn* and *Hoopston* cases we sustained state laws providing protective standards for policyholders in those states, even though compliance with those standards by the insurance companies could have repercussions on similar out-of-state contracts. It is argued, however, that those cases are distinguishable because they both involved companies which were "licensed to do business in the forum and were actually doing business within the state." But while *Hoopston Canning Co.* had done business in New York under an old law, it brought the case here to challenge certain provisions of a new licensing law with which it had to comply if it was to do business there in the future. Thus it was seeking the same kind of relief that appellants seek here, and for the same general purpose. What we there said as to New York's power is equally applicable to Virginia's power here.

It is also suggested that service of process on appellants by registered mail does not meet due process requirements. What we have said answers this contention insofar as it alleges a lack of state jurisdiction because appellants were served outside Virginia. If service by mail is challenged as not providing adequate and reasonable notice, the contention has been answered by *International Shoe Co. v. Washington*, supra, 320-321. See also *Mulane v. Central Hanover Bank*, 339 U. S. —.

The due process questions we have already discussed are the only alleged errors relied on in appellants' brief, and

appellants' special appearance only challenged state jurisdiction and the service of process. We therefore have no occasion to discuss the scope of the Commission's order, or the methods by which the state might attempt to enforce it.

The text of the concurring opinion of Justice Douglas:
Since the formula adopted by the court is adequate to dispose of this case, I have joined in the opinion. But I feel that the type of problem presented requires a more selective treatment. Hence my separate opinion.

Virginia's Blue Sky Law is a comprehensive scheme for the protection of the state's investors. Securities can be offered for sale in the state only after the issuer obtains a permit. To get it, the applicant must supply detailed information about its solvency, its earning record, and the nature of the securities. Promoters may be required to supply a bond. Applicants must appoint an agent, the secretary of the commonwealth, to receive service of process. Only after proof of their good character and financial responsibility are security salesmen licensed. After issuance, the state corporation commission is authorized again to investigate the issuer with an eye to possible revocation of its permit. These are the high points of the comprehensive scheme.

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Procedure Under Virginia Blue Sky Law Upheld

(CONTINUED FROM PAGE 1)

opinion, the concurring statement of Douglas and the dissents, with a fine-tooth comb to see how these fine distinctions shape up and what, if anything, should be done to amend the unauthorized insurer's service of process act. Some are already surmising that because the Virginia approach of making its blue sky law applicable to insurance has been upheld, attention may be given to the idea of extending that principle elsewhere. In any event, the decision can only be construed as favorable to the cause of state supervision.

It is interesting that for 75 years the system of state supervision was constructed and maintained on the basis of the U. S. Supreme Court decision in the case of *Paul vs. Virginia*. That basis was knocked out in the S.E.U.A. decision but now comes another Virginia case that aids in preserving state supervision.

LIFE & CASUALTY Means LIFE SECURITY

Doubly sure for you as our underwriter—doubly sure for your policy holders with our field-tested programmed options. Assure yourself of lifetime safety for your family, as you help your prospects freely choose a solid security plan with Life & Casualty.



Life and Casualty
Insurance Company of Tennessee
PAUL MOUNTCASTLE, PRES.
HOME OFFICE: NASHVILLE

Do you put your pants on one leg at a time?

(This ad for men only)

The Standard Life of Indiana is not a company of supermen—just a group of above average agents and (we hope) average Home Office people doing a constructive job with life insurance. If you want a secure future in return for a reasonably good production, write me.

- Harry V. Wade

STANDARD LIFE INSURANCE CO. of IND.
INDIANAPOLIS, INDIANA

GENERAL AGENCIES OPEN IN Arkansas • Arizona • Florida
Illinois • Indiana • Kentucky • Louisiana • Maryland • Michigan
Missouri • New Mexico • Pennsylvania • Texas • West Virginia

LEGAL RESERVE FRATERALS

CHICAGO MEETING

Reelect Modern Woodmen Officers

All officers of the Modern Woodmen of America were unanimously elected for four-year terms at the head camp session in Chicago this week. The officers are: President, Henry F. Turner, Rock Island; national secretary, Harmon L. Ruff, Rock Island; adviser, C. W. Byrer, Los Angeles; directors, W. W. Gordon, Kansas City, Kan.; R. H. Talbot, Lincoln, Neb.; W. Cable Jackson and John C. Phillips, both of Rock Island; and D. W. MacMeekin, Two Rivers, Wis.; board of auditors, O. R. Werkmeister, Milwaukee; Charles A. Nyquist, St. Paul, and H. S. Redkey, Muncie, Ind.; escort, Verne W. Potter, Washington, D. C.; watchman, R. H. Thompson, Jr., Nashville; sentry, Leo E. Johnson, Pocatello, Ida.

Attendance was about 650.

Tuesday evening John H. Jamison, general agent of Northwestern Mutual at Chicago, addressed a field managers' session. At the banquet Wednesday the speaker was Dr. Preston Bradley, widely known Chicago minister and radio speaker.

Memorial Services Held

Wednesday Oscar E. Aleshire, Helena, Mont., past president, delivered the memorial address at services paying tribute to woodmen who have died in the last four-year term. He urged that local camps hold memorial services annually to help revive camp activity and put fraternity in action. He emphasized that memorials are in tribute to the memory of all Woodmen who died during the term, not just those who may have served in some official capacity.

Fidelity Life Promotes Hughes, Zimmerman

Edward C. Hughes, a home office field supervisor since the first of 1949, has been promoted to field supervisor for northern Illinois, effective July 1,



E. C. Hughes



F. W. Zimmerman

by Fidelity Life of Illinois. He will establish headquarters at Rockford. He joined the company at Milwaukee.

Fred W. Zimmerman, district manager

at Moline, Ill., has been promoted to home office field supervisor, effective July 1. He is a navy veteran.

Hersh Maccabees General Counsel

Maccabees has appointed David A. Hersh as general counsel, succeeding the late Edward J. Jeffries, Jr. Graduating from Detroit College of Law in 1929, Mr. Hersh was in the public practice of law until 1933, when he joined Maccabees as assistant general counsel.

Serrano District Manager

J. S. Serrano has resigned as financial secretary of Concordia camp 79, Woodmen of the World, at Los Angeles, to become district manager. He was financial secretary for 10 years. John Oliver succeeds him.

Text of Travelers Health Assn. Opinions Given

(CONT'D FROM PRECEDING PAGE)

sive regulation which Virginia seeks to apply to appellants.

That the business of insurance is interstate commerce is established by United States v. South-Eastern Underwriters Assn., 332 U. S. 533. Any doubts about the power of a state to exclude an interstate insurance company which refuses to comply with its regulatory laws were dispelled by the passage of the McCarran act, 59 Stat. 33, 15 U. S. C. §1011-1015. See Robertson v. California, 328 U. S. 440, 461, 462.

The requirements of due process do not, in my opinion, preclude the extension of Virginia's regulatory scheme to appellants. I put to one side the case where a policyholder seeks to sue the out-of-state company in Virginia. His ability to sue is not necessarily the measure of Virginia's power to regulate, as the court said in Old Wayne Life Assn. v. McDonough, 204 U. S. 8, 21. It is the nature of the state's action that determines the kind or degree of activity in the state necessary for satisfying the requirements of due process. What is necessary to sustain a tax or to maintain a suit by a creditor (see Old Wayne Life Assn. v. McDonough, supra; Provident Savings Assn. v. Kentucky, 239 U. S. 103, 114-116; Isaacs, An Analysis of Doing Business, 25 Col. L. Rev. 1013, 1024) is not in my view determinative when the state seeks to regulate solicitation within its borders.

Blue sky laws are a well-recognized exercise of the police power of the states. See Hall v. Geiger-Jones Co., 242 U. S. 539, 552. The wiles of the salesman have been many; the devices to avoid state regulation have been clever and calculated. One of those who contested the constitutionality of the Michigan blue sky law in Merrick v. Halsey & Co., 242 U. S. 568, 573, had no place of business in the state and was not sending agents into it. The history of the various methods used to evade state regulation is too recent to require extended comment. Instrumentalities of interstate and foreign commerce were extensively employed by those beyond the reach of a state to sell securities to its citizens. See H. R. Rep. No. 85, 73d Cong., 1st Sess. 10. The Securities Act of 1933 (48 Stat. 74, 15 U. S. C. §77a et seq.) was passed to fill the gap.

A state is helpless when the out-of-state company operates beyond the borders, establishes no office in the state, and has no agents, salesmen, or solicitors to obtain business for it within the state. Then it is beyond the reach of process. In the present case, however, that is only the formal arrangement. The actual arrangement shows a method of soliciting business within Virginia as active, continuous, and methodical as it would be if regular agents or solicitors were employed. Cf. Hoopeson Co. v. Cullen, 318 U. S. 313.

Practically all of appellant's business in Virginia originates with and is the result of the activities of its Virginia members. The recommendation of a member relieves an applicant of the duty of furnishing any reference. Though the old members are not designated as "agents," it "clearly appears," as stated by the supreme court of appeals, "that the association relies almost exclusively on these activities of its Virginia members to bring about an expansion of its Virginia business." Travelers Health Assn. v. Virginia, 188 Va. 877, 887; 51 S. E. 2d 263, 267. This device for soliciting business in Virginia may be unconventional and unorthodox; but it operates functionally precisely as though appel-

lant had formally designated the Virginia members as its agents. Through these people appellant has realistically entered the state, looking for and obtaining business. Whether such solicitation is interstate commerce, it is activity which Virginia can regulate. See Hoopeson v. California, 155 U. S. 648, 658. The requirements of due process may demand more or less minimal contacts than are present here, depending on what the pinch of the decision is or what it requires of the foreign corporation. See International Shoe Co. v. Washington, 326 U. S. 310, 316-319. Where the corporate project entails the use of one or more people in the state for the solicitation of business, in my view it does no violence to the traditional concept of due process to allow the state to provide protective measures governing that solicitation. That is all that is done here.

I cannot agree that this appeal is premature. Virginia has placed an injunction on appellants, an injunction which may have numerous consequences, e.g., contempt proceedings. There is an existing controversy—real and vital to appellants.

The text of the dissenting opinion:

The state corporation commission of Virginia instituted the proceedings leading to the cease and desist order entered in the instant case under §6 of the Virginia securities law. That section provides for service by registered mail upon persons or corporations offering securities through the mails or by other means of communication. After hearing, the commission is authorized to issue the order and to give it such publicity as the commission considers desirable.

In this case no action has been taken under §15 of the law which provides that violation of the statute is a misdemeanor and punishable by fine, or under §17 which provides for the imposition of a fine upon failure to comply with a lawful order of the commission. The commission has in no way attempted to enforce the order issued by the commission against appellants. Therefore appellants have not been hurt, and the question of due process is not reached. In the theme of the statute, publicity appears to be the sole sanction of §6. I know of no reason why Virginia may not go through this shadow-boxing performance in order to publicize the activities of appellants in Virginia and notify its citizens that appellants have not qualified under the securities law. That is all the commission says that it is doing or has the power to do under §6. The commission's view of the nature of this proceeding—a view reflected by Virginia in its brief on appeal to this court—was stated in its opinion:

"Respondents rely on the fact that their contacts with citizens of Virginia are by mail, that they are not doing business in Virginia and that they do not enter Virginia either personally or by agents. In setting up this defense they lose sight of the nature of the action. They are not charged with doing business in Virginia but with offering and advertising for sale and promoting the sale of insurance contracts in Virginia by mail and the action is to foreclose them from these activities. Whether the action will suffice to actually stop them is beside the point. It will suffice to put them on notice of pertinent laws of Virginia, to give them an opportunity to be heard and the state an opportunity to determine the facts, and, if, after hearing, a cease and desist order is issued, the commission will then be authorized to give such publicity to the order as it sees fit for the 'information and protection of the public.'"

"No word found in or inference derived from Section 6, aforesaid, may properly, in our judgment, be said to impose penalties upon the respondents."

"There is no element of compulsion except such as may flow from a dread of the publicity attending such an order. In such cases, the only weapon available to the commonwealth is to publicly advise that the securities of the respondent do not bear the stamp of the state's approval and are being presented to the public without regard to the regulatory laws enacted to protect them. Section 6, supra, imposes no penalties, exacts no direct toll from those against whom its orders proceed."

The question of substituted service on the secretary of the commonwealth is not here in any aspect. As far as appears, service in this manner is not authorized by the Virginia statutes except

where the nonresident has opened and is conducting a place of business within the state. Up to this date Virginia has not claimed the power to require appellants, who do business in Virginia only by mail, to appoint the secretary of the commonwealth as their agent for service of process, nor have the courts of Virginia rendered judgment in a suit where service was made in that manner. I do not understand, therefore, what possible application the court's reference to substituted service on the secretary of the commonwealth could have in this case. I would answer the question of due process when Virginia has attempted to apply its process to appellants in a proceeding that has consequences of a nature which entitle a person to the protection of the due process clause. See Parker v. Los Angeles County, 338 U. S. 327. I would, therefore, dismiss the appeal.

As stated, it seems to me that the majority opinion is saying that Virginia has more power than it claims in the instant proceeding. While Virginia has not attempted to do more than publicize the activities of appellants in the state, I read the majority opinion to intimate that under the service by registered letter Virginia might go further. The cease and desist order issued cannot validly compel appellants to designate the secretary of the commonwealth as their agent for service of process, any more than it can constitutionally be considered as automatically accomplishing that result. An in personam judgment cannot be based upon service by registered letter on a nonresident corporation or a natural person, neither of whom has ever been within the State of Virginia. Penney v. Neff, 95 U. S. 714. Old Wayne Life Assn. v. McDonough, 204 U. S. 8, 22-23. If that may not be done directly, it may not be done indirectly. Certainly such service cannot be justified where its purpose is to make substituted service legal in the future. These non-residents cannot be brought in through service by registered mail and compelled to designate the secretary of the commonwealth as their agent for service of process so that thereafter service may be effected upon such non-residents by serving the secretary. To hold would allow the state to pull itself up by its own bootstraps.

Service by registered mail is said by the majority to be sufficient where the corporation has "minimum contacts" with the state of the forum. How many "contacts" a corporation or person must have before being subjected to suit we are not informed. Here all of appellants' contacts with the residents of Virginia were by mail. No agent of appellant corporation has entered the state, nor has the individual appellant. The contracts were made wholly in Nebraska. Under these circumstances, I would hold that appellants were never "present" in Virginia.

"For the terms 'present' or 'presence' are used merely to symbolize those activities of the corporation's agent within the state which courts will deem to be sufficient to satisfy the demands of due process." International Shoe Co. v. Washington, 326 U. S. 310, 316-317.

As I understand the International Shoe Co. case, the minimum contacts which a corporation has in the state must be activities of the corporation's agent within the state. There were such contacts by agents within the state in that case. Service was made, in addition to notice by registered letter, by personal service within the state upon one of those agents. Service on an agent within the jurisdiction would seem to me indispensable to a judgment against a corporation. It would seem to be an a fortiori proposition that judgment could not be obtained against a natural person who was not available for personal service.

We are not dealing here with the power of Virginia to regulate the transaction of insurance business with its citizens, as was the case in Osborn v. Ozlin, 310 U. S. 53, and Hoopeson Co. v. Cullen, 318 U. S. 313. In the case at bar we are concerned only with how Virginia may enforce such power as it has. No question of the sufficiency of service was involved in either the Osborn or the Hoopeson cases, both of which were brought against some officer of a state. The question in those cases was whether the state had power, and not whether, having the power, it had also acquired jurisdiction of a defendant against whom a judgment could be rendered enforcing that power.

I would not attempt to instruct Virginia as to how to protect its citizens from these intruders from Nebraska.

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Agnes E. Koob

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Supreme President

Supreme Secretary

Port Huron, Michigan

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Law-Pract

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Life Insurance to Washington

(CONTINUED FROM PAGE 19)

tion at the company level on the violation of possible practice-of-law violations by life agents, said Deane C. Davis, president National Life of Vermont. Under some of the court decisions handed down many advanced agents could now be charged with at least fringe activity in the field of law, he said. Many practicing lawyers think companies should take some policing action with their agents, Mr. Davis said. Perhaps more than mere persuasion is needed. He suggested joint action by L.I.A., National Assn. of Life Underwriters, and the American Bar Assn. and proposed that a committee be named to effect this step. The statement of principles adopted several years ago is defective in that it fails completely to define what the agent can do, he declared. A precise line is not possible but a clearer delineation of the field can be made. Activity at the local level between agents and lawyers will be very helpful, he said. Companies and general agents may have to terminate contracts with the "estate planner" who takes a fee for his advice as well as a commission for the insurance he sells, he asserted. Home offices need be careful that they are not practicing law either, he said, in aiding their agents by giving legal opinions unless at the request of the client's lawyer.

Law-Practice Violations

Mr. Clark reviewed the history of agent training and said that the agents' primary function is, of course, selling rather than giving technical legal advice. Agents are increasingly becoming financial counselors because they are better trained but they can and should restrict themselves to giving advice about life insurance and auxiliary matters. The commission system is the best method of compensating agents for the service they render, he said, pointing out that the lawyer problem could and should be solved by negotiation.

The directors adopted a memorial resolution on Alexander T. Maclean, late president of Massachusetts Mutual Life.

Carolina Life of Columbia, S. C., and Equitable Life of Washington, D. C., were elected to membership by the directors.

The Informal Side

The meeting was the first spring meeting that L.I.A. has had outside of New York City in many years. With most everyone billeted in the same hotel and living on the American plan there was a great deal of fellowship at meals and after meeting hours.

The first afternoon there was a get-acquainted tea and card party for guests. Hostesses were the wives of company executives and included Mrs. Harrison L. Amber, Mrs. Julian D. Anthony, Mrs. Paul C. Buford, Mrs. Richard B. Evans, Mrs. James A. McLain, Mrs. John A. Mayer and Mrs. Adolph A. Rydgren. That evening after the reception there was a dance and entertainment where Mr. McConney was master of ceremonies. A dance in "Gay 90s" style bathing suits by a group of association leaders drew requests for an encore and was a real success. Friday there was a boat trip and sports for guests. The weather at the seashore resort was fine enough to keep even the chamber of commerce happy and many guests stayed for the weekend.

Actuaries Discuss Agents' Compensation

(CONTINUED FROM PAGE 1)

tional Assn. of Life Underwriters, said that there are four types of expense in which a company may become involved because of bringing its agents under social security. These include tort liability, unemployment compensation, workmen's compensation, and OASI tax. The cost to the company of these four items, based on a study of eight companies, would be about \$90 per agent per year, the amount varying because of different state requirements and other factors. On a country-wide basis the cost would be lower, he said.

PHOENIX PLAN

John R. Larus, Phoenix Mutual, described his company's compensation plan for agents, which for many years has taken persistency and policy size, as well as volume, into consideration. He said it is very important from a morale standpoint to word contacts so that bonuses are paid for good accomplishments rather than penalties exacted for failure to meet standards.

Contracts taking these quality factors into account tend to be complicated, hard to understand, and likely to breed misunderstanding among agents, he said. Phoenix Mutual's latest revisions have been in the direction of simplification, even though some of the technical accuracy may be slightly impaired. Where the contract is too complicated, the home office is kept on the defensive and must carry on a continuous program of explanation and education.

While it is impossible to assess with any accuracy the effect on lapses or average policy size, "at least we feel we have succeeded in making our agents more conscious of these vital points," said Mr. Larus.

Standard of Oregon Plan

G. E. Cannon, Standard of Oregon, told of his company's changing its contracts from 60% graded to 70% graded for business having a quality rating of 85 and higher down to a minimum of 50% graded for business having a quality rating of 65 and under. Justification for this differential was proved mathematically, he said.

Success attracting new agents with the new contract has been difficult to measure. The contract has only limited value in attracting new agents, although it has a real bearing on convincing managers that career type agents with the proper attitude are the ones they are seeking.

Mr. Cannon cited figures indicating that the incentive form of contract has been an important factor in retaining the agents who write the better type of business. Whether the contract has had a part in improving the persistency rate may be open to question, he said, since so many factors have also been at work, but there has been a higher percentage of business entering its second year ever since the incentive contract was adopted in 1943.

The contract has also been a factor in boosting the volume of business, particularly in stimulating the managers' efforts.

Confederation Has Good Results

G. G. Myer, Confederation Life, said the company's new contract provides for a substantial quality production bonus, graded both by gross volume and by relation of first and second year lapses to gross volume issued. The bonus rates run from \$1 to \$10 per \$1,000 and are applied once a year to the new net volume, that is, the gross issued less the first and second year lapses during the year.

The bonus has made the field force conservation minded, since lapses have a greater effect on the bonus than does the issued business. Agents are also well paid to reinstate, since reinstatements have an effect on the bonus. The penalty for lapses acts as a great restraint on overselling. Figures indicate that Confederation's lapse rate has improved slightly, in relation to all other companies in Canada and Mr. Myer believes this improvement will continue as agents become more familiar with the bonus. The new contract continues the incentive to write larger policies by paying a small bonus per \$1,000, graded by policy size.

MANAGERS

C. F. B. Richardson, Mutual Life, said his company has found that a factor in the manager's compensation based on the production expense rate of his agency is quite effective in controlling expenses. The original expense formula involved only a reward for those below the company average, but the company recently introduced a new formula that includes both a penalty for the agencies above the average and a substantial reward for those under the average.

"It is a difficult matter to design an expense factor in managerial compensa-

tion that will not encourage the manager to liquidate the agency by refusing to spend the money necessary to continually build the organization," he said. "We think we have found a solution to this by tying in the compensation with the proportion of new business obtained from new agents, so that a manager who has a low cost agency receives little or no reward under the expense factor if he is failing to build new organization."

Hancock Plan for G.A.s

Harold A. Grout, John Hancock, explained that company's recently adopted retirement plan for general agents. The retirement allowance per year for those qualifying under the plan is the excess, if any, of \$3,000 over the sum of the amount of any commissions, direct and overriding on business produced before retirement, primary benefits under social security or similar federal or state old age assistance programs, and benefits paid under federal or state acts providing benefits for unemployment, workmen's compensation or disability.

Because general agents are not employees, the plan was made noncontributory to avoid the heavy tax burden that would result if future payments vested fully at retirement. Hence retirement allowances are authorized by the directors only for a year at a time. The plan is considered as a temporary expedient for use until the employee status and the tax situation are changed.

The general agents like the plan, although undoubtedly a more formal plan will be worked out within the next year or two, Mr. Grout said.

Cuts Misidentified

In last week's article on the Million Dollar Round Table qualifiers, the cut lines identifying Theodore Widing,



Theo. Widing



John O. Todd

Provident Mutual, Philadelphia, M. D. R. T. chairman, and John O. Todd, Northwestern Mutual, who is slated to succeed him, were transposed.

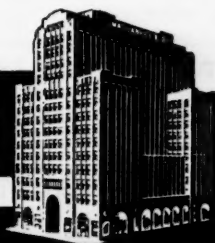
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Record Health Year for Policyholders

Policyholders had a record health year in 1949, the death rate per 100,000 reaching a new low of 701 according to the Institute of Life Insurance. This compared with 709 the year before.

Even heart disease, which has been increasing in recent years, showed a lower death rate. New low rates were reported for tuberculosis, respiratory diseases and accidents.

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Employee Benefit Plans

RICHMOND • ATLANTA

Analyzing the 1949 experience among the owners of ordinary policies, it was found that their death rate was 611.4 per 100,000. It was 625.1 the year before and 668.8 in 1942.

Deaths from the chief cardio-vascular-renal diseases, commonly classed as heart disease, accounted for more than half of the deaths among ordinary policyholders, with a rate of 317.1, compared with 327.9 the year before.

Cancer was second most important cause of death, with a rate of 98.4, compared with 98.7.

The tuberculosis death rate of 10.2 was about half the '42 rate and but a small fraction of what it was 35 years ago. Respiratory disease deaths have been so reduced that influenza, for instance, accounted for 9/100 of 1% of the '49 deaths.

Experience among owners of industrial policies was found to follow the same general trends, though at a higher level, largely because they are not generally subject to medical examination. Their death rate was 753.7 in 1949, compared with 761.8 the year before and 787.9 in 1942. Heart disease was the chief cause of death, its 351.9 rate per 100,000 accounted for nearly half of all the deaths.

Further gains were shown in the control of the chief communicable diseases of childhood, the death rate from these combined causes being 1.2 per 100,000 in 1949, which compares with 2.6 in 1942. Deaths per 100,000 are as follows:

Ordinary Policyholders				
Cause of Death	1942	1948	1949	
Chief Cardiovascular-renal Diseases...	325.6	327.9	317.1	
Heart Disease	240.7	252.4	244.3	
Cerebral Hemorrhage	53.0	54.1	52.0	
Nephritis	31.9	21.4	20.8	
Cancer	92.4	98.7	98.4	
Respiratory Diseases...	32.8	24.7	21.3	
Pneumonia	22.7	15.6	13.1	
Influenza	2.6	.9	.5	
Other	7.5	8.2	7.7	
Tuberculosis	19.9	11.4	10.2	
Diabetes	10.7	9.6	10.1	
Puerperal State	2.2	1.0	.9	
External Causes	6.89	57.5	55.9	
Motor Vehicle	17.8	18.2	17.9	
Other Accidents	33.1	24.5	22.9	
Suicides	16.5	13.1	13.6	
Homicides	1.5	1.7	1.5	
All Other Causes	116.3	94.3	97.5	
Total	668.8	625.1	611.4	
Industrial Policyholders				
Cause of Death	1942	1948	1949	
Chief Cardiovascular-renal Diseases...	351.6	353.8	351.9	
Heart Diseases	238.2	246.4	246.9	
Cerebral Hemorrhage	65.5	70.9	70.4	
Nephritis	47.9	36.5	34.6	
Cancer	107.4	115.4	121.4	
Respiratory Diseases...	50.2	41.0	35.7	
Pneumonia	36.9	29.4	24.9	
Influenza	4.1	1.8	1.6	
Other	9.2	9.8	9.2	
Childhood Diseases...	2.6	1.3	1.2	
Tuberculosis	42.9	33.2	29.8	
Diabetes	26.1	22.7	25.6	
Puerperal State	4.8	2.9	2.3	
Diarrhea and Enteritis	5.0	3.5	3.6	
External Causes	67.3	63.9	60.2	
Motor Vehicle	18.3	16.5	16.2	
Other Accidents	36.0	34.4	30.7	
Suicides	8.3	7.3	7.9	
Homicides	4.7	5.7	5.4	
All Other Causes	130.0	124.1	122.0	
Total	787.9	761.8	753.7	

Job Opportunities Up

Although the job outlook for commerce school graduates at this time is not as bright as it has been in recent years, the demand for insurance students is strong, according to Prof. Henry R. Trumbower, head of University of Wisconsin commerce school placement service. The percentage of insurance students finding jobs is greater than in any other field, he declared. The increase in offers has come because of the development of the new insurance curriculum at Wisconsin and insurance companies from all over the country are looking for men at that source.

Holds 21st Review School

Twenty-four agents qualified for the 21st review school held by Massachusetts Mutual Life. This was the second school held this spring because of the large number of qualifying agents.

The school, sponsored jointly by the company and general agents, is conducted by C. Lowell McPherson, director of training.

NEW HIGH

336,500 Employed in Life Insurance

Employment in the life insurance business in the U. S. was at an all-time peak at the start of the year, according to the Institute of Life Insurance. Total employment was 336,500, of which 109,300 were home office employees, 190,800 agents or agency heads and 36,400 agency cashiers and clerks.

Present employment is 37% greater than in 1940, the greatest gain having been in home office employees.

Of the total, 32% were women, which compares with 28% in 1940, the number of women employees having increased by 40,000 in the intervening years to this year's 108,800.

The 190,800 agency forces included some 5,000 women agents and was only about one-fifth more than the 1940 number.

	Jan. 1 1948	Jan. 1 1949	Jan. 1 1950
Home Office			
Men	35,300	35,800	37,500
Women	56,100	70,300	71,800
Total	101,400	106,100	109,300
Agency Cashiers and Clerks			
Men	3,900	3,800	4,100
Women	30,600	31,800	32,300
Total	34,500	35,600	36,400
Agents and Agency Managers			
Men	173,900	179,500	186,100
Women	5,200	5,100	4,700
Total	179,100	184,600	190,800
Total			
Men	213,100	219,100	227,700
Women	101,900	107,200	108,800
Total	315,000	326,300	336,500

Gray Testifies Before Hardy Subcommittee

WASHINGTON — The Hardy subcommittee investigating national service life heard Veterans Administrator Gray testify on aviation cadet free insurance, his discretionary powers and the 3% interest rate on government securities in which the NSLI trust fund is invested.

Edward F. Bartell, fiscal assistant secretary of the Treasury, defended the 3% rate and said the average rate of company investment earnings is 3.2%. He said Secretary Snyder based his determination of the 3% rate upon the NSLI law, and particularly its requirement for use in NSLI of the American experience table.

Gray said aviation cadets' coverage was an incentive to service. The committee's position was that the law should decide this question, but VA interpreted it to pay dividends to cadets, even though the government paid premiums for them. While Gray claimed the right to decide about "benefits," insurance observers pointed out a dividend is not, basically, a benefit.

Texas and Louisiana Arrange License Reciprocity

Commissioner Butler of Texas announces that the Texas and Louisiana departments have recently perfected a reciprocal agreement concerning life and A. & H. licenses.

The agreement emphasizes, among other requirements, that the agent who asks to be licensed in both states must represent a company licensed in both states and that his home state department must furnish a letter with the application stating that there are no outstanding complaints against him and that his license record is clear.

The life insurance division of the Texas department has had a similar agreement with the New Mexico department for some time. Efforts to effect similar agreement with Oklahoma failed because Commissioner Dickey said Oklahoma statutes prohibit his entering into such an agreement.

Industrial Firms Give Insurance More Attention

In recent years the insurance function in many industrial firms has been given increasing attention. Many firms not only have a full-time insurance buyer but since the war have named welfare plan managers, etc.

These men are now active in American Management Assn., Risk Research Institute, American Pension Conference, etc. Not many years ago these were part time functions for the treasurer or personnel director of a company.

A newer development in the administration of huge group plans is the maintenance of an office by the group company with the firm insured. For example, Equitable Society has a full-time man in Pittsburgh in addition to its local office service and other facilities to handle its many steel insured. Aetna Life has a group man permanently stationed at the Chrysler plant in Detroit.

W. H. Somerville, executive vice-president of Mutual Life of Canada, this year celebrates his 50th anniversary with the company.

San Antonio managers heard Matthew Brown, General American Life, outline the development of L. U. T. C. He said life insurance is responsible for the problems of the business and that it must provide better trained salesmen.

Franklin Life has been licensed in Virginia.

Insurance in force of Columbus National Life, founded seven months ago, has reached \$2 million. About 3,000 families are now covered for surgical and medical care and for hospitalization.

Convention Dates

June 12-16, National Assn. of Insurance Commissioners, annual, Chateau Frontenac, Quebec.

June 15-17, A.L.C. Medical Section meeting, Greenbrier, White Sulphur Springs, W. Va.

June 16, Vermont State Assn. of Life Underwriters, annual sales congress, Burlington.

June 17, North Carolina sales congress, Charlotte.

June 19-30, Life Officers Investment Seminar of American Life Convention, Beloit College, Beloit, Wis.

June 26-27, Texas Life Underwriters Assn., meeting and sales congress, Dallas.

June 26-30, International Assn. of A. & H. Underwriters, on steamer Greater Detroit.

July 6-8, International Assn. of Insurance Counsel, Greenbrier, White Sulphur Springs, W. Va.

July 31-Aug. 11, Annual C.L.U. Institute, University of Connecticut, Storrs.

Aug. 14-16, International Federation of Commercial Travelers Insurance Organizations, Lake Louise, Alberta, Can.

Aug. 22-25, Annual advanced underwriting clinic of University of Illinois, Urbana.

Sept. 14-16, Federation of Insurance Counsel, annual meeting, Atlantic City.

Sept. 18-20, International Claim Assn., Greenbrier hotel, White Sulphur Springs.

Sept. 25-27, Life Office Management Assn., annual, Royal York hotel, Toronto.

Sept. 25-29, National Assn. of Life Underwriters, annual, Hotel Statler, Washington.

Sept. 25-28, National Fraternal Congress, annual, Statler hotel, New York City.

Oct. 3-6, American Life Convention, annual, Edgewater Beach hotel, Chicago.

Oct. 23-25, Assn. of Superintendents of Insurance of Canada, General Brock hotel, Niagara Falls, Ont.

Nov. 1-3, Institute of Home Office Underwriters, annual, Fontenelle hotel, Omaha.

Nov. 9-11, Society of Actuaries, annual, Greenbrier, White Sulphur Springs, W. Va.

Nov. 15-17, Annual meeting Life Insurance Agency Management Assn., Edgewater Beach Hotel, Chicago.

Dec. 10-15, National Assn. of Insurance Commissioners, winter meeting, Los Angeles.

A SUCCESS STORY IN SPECIALIZATION

Since its introduction of the Preferred Class Plan in 1922, Continental American has specialized in Preferred Class Risks—

- 1 Those people whose physical condition and family history are better than average.
- 2 Who are employed in less hazardous occupations.
- 3 Who have above average income.
- 4 Who insure in larger amounts.

Benefits to Policyowners

Low Cost. Thousands of these "better-than-average" risks have secured protection at lower rates, to which they are justly entitled.

Flexibility. Since Continental American offers Preferred on all regular plans, "better-than-average" risks enjoy regular programming service, which is impossible when Preferred is written, as in most companies, on only one plan.

Exceptional Record Established

As a result of this specialization, Continental American has established an exceptional record in Preferred Class plans. For example, in 1949

*89% of all new insurance issued was in policies of \$5,000 or over.

*\$15,719 was the average Preferred Class Sale.

*\$9,701 was the average Preferred Class policy in force.

*Preferred Class Policies Offered on All Regular Plans
Including Life, Endowment, Term, and Family Income*



CONTINENTAL AMERICAN LIFE INSURANCE COMPANY
Wilmington, Delaware



Educational
Funds



Family
Protection

*Their future
is our business
Today!*

The GREAT-WEST LIFE
ASSURANCE COMPANY
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Group, Accident, Health
and Hospitalization



Group Life
and Annuities



Personal Accident, Health
and Hospitalization



Retirement
Income